



## INTERSTATE PARTNERS WITH RYAN SPECIALTY GROUP

On February 1<sup>st</sup>, we partnered with the third largest specialty underwriter/wholesale broker in America – Ryan Specialty Group (RSG). Headquartered in Chicago, RSG is comprised of a series of underwriting managers - RSG Underwriting Managers (RSGUM), a wholesale broker - RT Specialty, and an insurance service provider - Ryan Direct Group Limited. We will join RSG's underwriting division, RSGUM, where we will establish a nationwide transportation practice and continue to expand the coastal property and commercial binding authority areas of our business.

This was not an easy decision for me as my father, who passed in 1987, left the steel mills to start Interstate in 1970 from a small desk in the corner of our tiny apartment, in a public housing project in Johnstown, PA. My dad highly influenced the development of my core beliefs and values – fairness, integrity, accountability, inclusion, respect for and desire to help others, hard work and independence – that have been the hallmark of our business. I find these same core beliefs in the people at Ryan.



Left to right: Larry DeFrances, Executive Vice President Interstate Insurance Management; Patrick G. Ryan, Founder, Director, Chairman and CEO Ryan Specialty Group; Jack Buchan, President and CEO Interstate Insurance Management; Miles Wuller, COO RSGUM

All of our people have been retained. We will keep the same offices, the same name and the same logo.

Over the past couple weeks, I have received calls and emails from our retail agents regarding the deal and how it may affect our business going forward. Following are the most frequently asked questions:

**Q:** The press release prominently mentioned your Transportation Division but only referred to your Coastal Property and P&C binding divisions in passing. Is Interstate going to remain a market for coastal property and P&C binding?

**A:** Although we will establish a national transportation underwriting practice for RSGUM, we WILL move forward AGGRESSIVELY to EXPAND aggregate, risk limit and footprint in our coastal property division. This will enable our retail producers to utilize us on bigger risks in many more states. Claims service on our coastal business will be upgraded as RSG writes a very substantial volume of business with Lloyd's and is providing us additional claims support. We will also aggressively build and expand our P&C binding division, offering our retail producers additional markets and programs.

**Q:** How will this deal benefit my agency?

**A:** The wholesale/MGA-MGU business is changing. Superior underwriting results are no longer enough to garner the love and respect of carriers and attract new capital. Scale is required.

We have underwritten transportation profitably for over 40 years and were eager to expand our footprint. The strategic move to partner with RSG will give us the scale needed to move our underwriting model into new geographic areas and attract new capital providers. This means more states and more markets for your business.

On the coastal property side, we are a significant regional player but broker conflicts limited us somewhat. RSG is a large player in the Lloyd's market and will help us expand our coastal property business where it makes sense.

On the P&C binding side, we have seen carriers steadily increase production requirements so as to favor large MGA's. It is no longer enough for an MGA to produce low loss ratios (and high profits) for a binding carrier. Scale is also now required. We will find that scale with RSG and will offer you more products and services.

**Q:** Now that Interstate is part of such a big organization, will my agency's business get lost in the shuffle?

**A:** No – the opposite will occur. We will be adding staff in key areas and providing you access to new markets and programs. We will have more time to devote to your business as all licensing, HR, compliance and regulatory matters will now be handled centrally by our parent, RSG.

**Q:** Are you retiring?

**A:** No way! Both Larry and I are signed on for multiple years. It is our intention to continue building our three practice areas – transportation, coastal property and P&C binding.



Larry DeFrances and Connie Kennedy (VP – P&C Underwriting Manager) discuss the future with Pat Ryan at a breakfast reception, February 1<sup>st</sup>, 2017

## SO, WHAT WILL OUR PARTNERSHIP WITH RSG MEAN TO YOU?

- We will maintain and improve our service level to you – you are more important to us than ever and we will show you.
- We will be licensed in all 50 states.
- We will provide you access to new specialty products, programs and markets.
- We will establish and become the leader of RSG's national transportation practice.
- We will continue to expand our coastal property footprint and will be able to offer higher risk limits in more states. Yes, more aggregate and more risk limit will enable you to expand your writings with us in additional states, and on bigger properties. And our coastal property claim service will be second to none.
- Our P&C binding unit will grow with new markets and will be able to do things for you that we could not do in the past.
- We can offer you access to RSG's many specialty programs and world class industry leading brokerage capabilities.
- Your business will continue to be protected as RSG does not write direct retail and is not affiliated with any entity that writes direct retail business.

So – We are the same old Interstate, just with much greater capabilities to help you write more business.



The fun continues! Jack Buchan, Miles Wuller and Jeffery McDonough  
(Interstate's MD Operation Manager)

- SAME PEOPLE
- SAME FRIENDLY SUPERIOR SERVICE
- BIGGER STICK

Thank you for your loyal support over the years. This is just the beginning.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack".

John J. Buchan, President & CEO  
Interstate Insurance Management