

'Ascot would be a great public company': Zaffino

Shelby Rosenberg, Adam McNestrie December 18, 2023



Specialty carrier Ascot would be “a great public company”, CEO Jonathan Zaffino said, noting that as the carrier tops \$4bn in GWP, it has reached the scale to seriously weigh an IPO.

“I think we're shrewd operators in the market in our lane, and it's natural to consider the optionality around a public market event and the permanent capital that comes with that,” Zaffino told *Insurance Insider* in an exclusive interview.

“We haven't landed on a formal and final view on that, but it's something we're discussing.”

Zaffino was speaking just over a year after the end of last year's freight sales process, which ended in November last year when talks with Blackstone broke down without an agreement on price.

The process and its aftermath stressed the relationship between owner CPPIB and long-time CEO Andrew Brooks, hastening the succession to Zaffino – previously group president - in February.

Ascot and CPPIB have not publicly commented, but it is widely understood that the vast Canadian pension fund is not a long-term owner of the specialty carrier.

This publication [reported](#) at the time of the CEO succession that Ascot was now likely to pursue an IPO as the ultimate exit mechanism for CPPIB.

Zaffino acknowledged that while favorable trading conditions are currently attracting investor capital to the specialty space, the company's decision on an IPO would be guided by its own positioning rather than timing the market.

“We think we have significant competitive advantages, and we are very confident in where we would head on day two [of an IPO],” said Zaffino.

“We have a wider reach than ever, and the company is at its strongest point ever. So I think that would be more of our story versus timing.”

Ascot would form the latest link in a chain of IPOs in the P&C space that began with Skyward at the outset of the year, and was followed by Fidelis Insurance Group, and Hamilton. Other IPOs lining up for next year include Aspen – which is expected to go in H1 – and Accelerant. Multiple others are considered possibilities.



Jonathan Zaffino Career timeline

March 2010 – June 2013

Marsh, managing director

July 2013 – February 2015

Victor O. Schinnerer, president

February 2015 – March 2016

Everest National Insurance Co, president

April 2016 – January 2018

Everest Insurance North America, president

January 2018 – June 2020

Everest Insurance, president and CEO

June 2020 – February 2023

Ascot, group president

February 2023 onwards

Ascot, group president and CEO

Source: Ascot, LinkedIn

The future of Ethos

Questioned about the decision to sell Ethos Specialty – its MGA platform which is currently being auctioned by Evercore – Zaffino said: “They've done a phenomenal job, [but] the aspirations of that group are a bit further than where we see that business.

“And so naturally we take a step back and say, ‘Is there a better opportunity for this group to pursue their vision and to receive the investment capital to do that?’ That's something we're exploring.”

He said that the group remained committed to the rest of its services arm, which includes the management of third-party capital in reinsurance and Lloyd's consortia.

But he added: "What we are really mindful of - and where we see the opportunity to enhance our underwriting services businesses - is tucking them a little bit closer to our balance sheets," he said.

Interest in acquiring MGAs has remained elevated through 2023, with private equity vying with large broking groups in a market where assets of scale have scarcity value. Following Doxa's recent sale to Goldman Sachs, Ethos is the largest US asset on the market.

The "London out" strategy

Like various other London players, Ascot has followed a "London out" strategy building from its Lloyd's core to add new platforms in Bermuda and the US, as it looked to access new markets and diversify.

Founded in 2001 as a Lloyd's syndicate, Ascot's diversification means that only around 40% of the firm's headcount is now in London, and this is likely to keep reducing over time.

Zaffino explained that one of the key pitfalls for businesses expanding into new marketplaces was "strategic drift", something which the firm would avoid via total commitment to underwriting specialty risk.

He added that it was crucial to bring together "like-minded individuals" across the regions under an "overarching" approach.

But he stressed that it was crucial not to "homogenize" the different platforms - instead taking a "common core", and applying it in a way that made sense in each region.

"Regardless of how big we get, we want to always be at core that accessible, nimble, dynamic underwriting-centric company. And that's my job to own that agenda and to make sure it does feel that way," said Zaffino.

"I would argue for most of our colleagues internally, they just see Ascot [not Lloyd's, Bermuda, US]."

2024 Lloyd's stamp capacity survey: Ascot ranks 14th

Biggest Lloyd's managing agents by 2024 YOA aggregate stamp capacity

	Managing agent <i>No. of syndicates managed</i>	CAPACITY (£MN)		YoY +/-	
		YOA 2023	YOA 2024	£ mn	%
1	Beazley Furlonge Ltd <i>7 syndicates managed</i>	5,067	5,013	-54	-1.1%
2	Brit Syndicates Ltd <i>3 syndicates managed</i>	3,340	2,886	-454	-13.6%
3	QBE Underwriting Ltd <i>2 syndicates managed</i>	2,150	2,325	175	+8.1%
4	Tokio Marine Kiln Syndicates Ltd <i>2 syndicates managed</i>	2,070	2,225	155	+7.5%
5	Hiscox Syndicates Ltd <i>3 syndicates managed</i>	2,125	2,125	0	±0.0%
6	Canopus Managing Agents Ltd <i>1 syndicate managed</i>	1,800	2,000	200	+11.1%
7	MS Amlin Underwriting Ltd <i>1 syndicate managed</i>	1,600	2,000	400	+25.0%
8	Chaucer Syndicates Ltd <i>2 syndicates managed</i>	1,547	1,847	300	+19.4%
9	Liberty Managing Agency Ltd <i>1 syndicate managed</i>	1,600	1,600	0	±0.0%
10	Talbot Underwriting Ltd* <i>2 syndicates managed</i>	1,521	1,521	0	±0.0%
11	Axis Managing Agency Ltd <i>1 syndicate managed</i>	1,300	1,500	200	+15.4%
12	Munich Re Syndicate Ltd <i>1 syndicate managed</i>	1,200	1,400	200	+16.7%
13	Aspen Managing Agency Ltd <i>1 syndicate managed</i>	1,115	1,300	185	+16.6%
14	Ascot Underwriting Ltd <i>1 syndicate managed</i>	1,250	1,250	0	±0.0%

Third-party managing agents excluded from ranking

Notes:

* Includes syndicates which did not respond to survey or declined to answer, so no change to 2023 capacity assumed

Table: Ben Wylie • Source: Insurance Insider

Strategic continuity

Zaffino emphasized that the company he had inherited was on a positive strategic path, and said that almost a year into his tenure there should be no expectation of major strategic pivots to come.

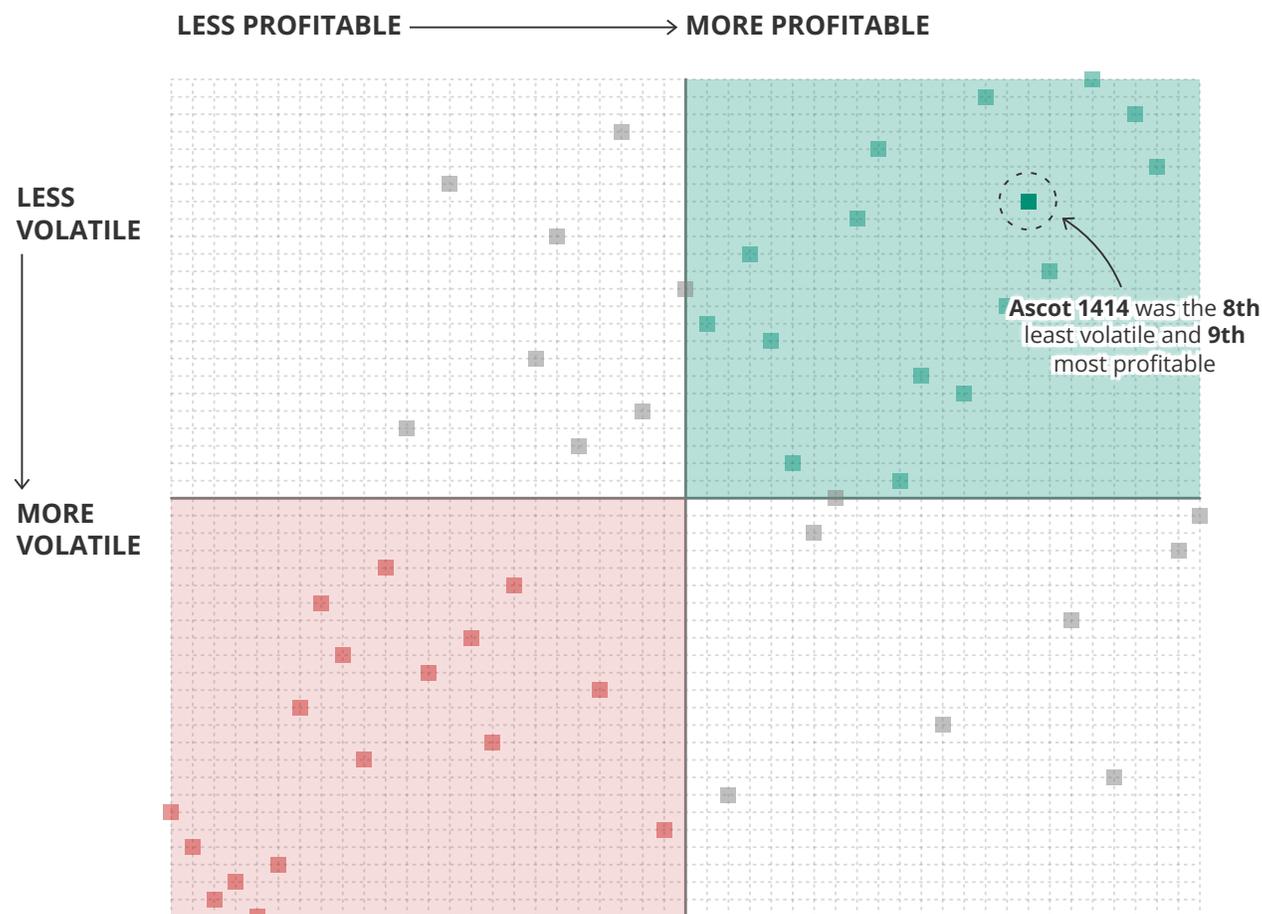
"Ascot is still going to feel like Ascot," he said.

The carrier would continue with an “unrelenting” focus on specialty markets, operating across its “golden triangle” of the US, UK and Bermuda, driven by its culture.

“We’ve got a great strategy, and for us it’s [about] continuing to execute on our plans,” he said, noting the firm’s headcount was up 20% this year.

Ascot 1414 was one of the most profitable Lloyd's syndicates in the decade to 2022

Lloyd's syndicates ranked by → **underwriting performance between 2013 and 2022** and
↓ **volatility of underwriting returns over same period**



Profitability = average combined ratio for 2013-22 period, weighted by annual GWP

Volatility = weighted standard deviation of annual combined ratios reported for 2013-22 period

Criteria for inclusion: 10 years of trading, with more than £100mn of GWP in at least 5 of those years

Also excluded: life syndicates, RITC syndicates and SPAs

Zaffino said that there were a number of recent areas of expansion in the product set, including a move into marine reinsurance in Bermuda via the hire of ex-Validus underwriter Alex Kirby, an expansion of its marine offering in the US supported by addition Pat Stoik, and a broader product set in financial lines in the UK.

Other areas of focus include expanding the US captives business in 2024, leaning into the fac market, and growing in surety, Zaffino said.

"I expect we'll have many more of those products to talk about as the year goes on. But for us, it's about staying disciplined, focused, leaning into what we have built and continuing to resource the organization," concluded Zaffino.

"Our results are very encouraging in that regard," the CEO said, suggesting 2022 was on course for a high-teens to early 20s operating ROE. "We feel very buoyed by them and inspired to carry on."

Topics

[News](#)[Interviews](#)

Shelby Rosenberg

REPORTER



Adam McNestrie

EDITOR-AT-LARGE