

#11 William R. Berkley: Consistent Champion



While many of the most recognizable names in insurance earn their reputations for how fast they manage to grow a company, or for the size they manage to grow a company to, there is something to be said for an executive who has built his considerable reputation on consistency—and an insistence that achieving the best risk-adjusted return is more important than growing the fastest or being the biggest.

It's not that William R. Berkley's self-started company, W.R. Berkley Corp., hasn't grown. To the contrary, the executive points out that 40 years ago the company did around \$130 million worth of business, whereas this year it is going to do probably around \$5.5 to \$6 billion worth of business.

But as markets soften and some competitors become obsessed with growth, W.R. Berkley instills a philosophy in its underwriters that it is better to lose business to competitors than it is to lose money by writing bad risks.

"We've had our longstanding excess and surplus lines companies' volumes decline by 25, 30, 40 percent," Berkley says, "and not a single person got laid off. We haven't fired anybody, and we went out and told them what a great job they're doing."

Some large companies, he notes, set volume goals at headquarters and tell underwriters how much business they need to write.

"Well, you can always write business in this world in property and casualty insurance," Berkley says. "If you tell me you want to write X dollars, I can always write X dollars. It doesn't even take any smarts to write that money."

When the directive changes to writing profitable business, he notes, then the volume of business comes into play.

But while Berkley is not willing to write risks at any price, he is willing to write virtually any risk at the right price.

“Hard market or soft market, we are always prepared to quote business,” he says of his company’s philosophy. “No matter how hard the market, no matter how tight the market, we will always quote on business that we think offers us an opportunity to make a dollar. And that means virtually anything.”

Instilling such a culture throughout the organization, especially in one like W.R. Berkley that involves small operating units that are each granted a lot of flexibility, requires the right people, and Berkley credits much of the success of his company to the people within it. In fact, he believes his greatest accomplishment in the insurance industry is finding great people.

“The people who work here come to work here because they love the culture,” says Berkley. “They love the idea that being the best is really important here. And being the best isn’t always who grows the fastest, who’s the biggest—it’s the best risk-adjusted return. It’s the best management team. It’s the guy who understands the business best. It’s the people who find the niche in the marketplace that gives them the opportunity to stay there and compete effectively and do a great job for their customers.”

And those within the company are buying into that culture. Berkley says that, other than to retirement, the company has only lost one senior officer in the past 20 years. “We just don’t lose people,” he says, “And that’s because they buy in.”

Berkley believes his mark on the insurance industry will be his uniquely structured company: a group of small operating units that have the financial strength of a larger enterprise. “It’s a structure that has a lot of capacity to compete in the long run with a lot of flexibility,” he says.