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BUSINESS

We're a force for good: ask Ukraine

David Howden quit school early but went on to build an insurance empire now valued at £11 billion

INTERVIEW
JILL
TRENOR



One of the ships queueing up to shift the 20 million tonnes of grain stuck in Ukraine since Russia's invasion is of particular interest to David Howden. His company has brokered insurance for a vessel chartered by the United Nations to try to alleviate food shortages for hundreds of millions of people in the Middle East and Africa who rely on Ukrainian grain.

For Howden, 58, it is evidence of the good that can be done by the industry he joined at the age 16 and that was vilified during Covid for refusing to pay out business interruption insurance claims after government-imposed lockdowns.

Reluctant to say too much about the ship, Howden says: "We have provided the war insurance for the ship to go in and collect the grain... without us doing that, there's no way they could go in and do it."

He also arranged cover for some commercial ships that have already managed to get through the potentially treacherous Black Sea area since Ukraine and Russia agreed safe passage last month. "Insurance is truly a force for good," gushes Howden, who is chief executive of Howden Group. "It's a facilitator of so much if it's used in the right way."

With his mop of black hair and plummy voice, he is a respected and well-known figure in his industry, but he has a lower public profile than could be the case if the business were listed on the stock market. If it were, it might well earn a place in the FTSE 100 as it has an equity value of £6.8 billion – or a £10.7 billion enterprise value if its debt is included.

It started life as Hyperion – named by the horse-mad Howden after a small horse who stole a race from better-placed rivals – in 1994 to sell directors' insurance to cover them if they were sued. There were three staff at the start – and Howden's dog, who he brought to work after the collapse of his first marriage. Now there are 12,000 employees across 45 countries, finding cover for anything from the yachts of the super rich to the more mundane, such as cars and homes.

There are two main operations: the broking arm Howden, and Dual, a managing general agent at the Lloyd's of London insurance market that writes contracts on behalf of big issuers. Its rivals are the big American insurers such as Willis Towers Watson and Aon, which a year ago were blocked from completing a \$30 billion (£24.6 billion) merger on competition grounds.

In the year to the end of September 2021, Howden made a profit when one-off items are excluded, but revenue hit £1 billion – up from £777 million the pre-

vious year. That was in part due to a flurry of acquisitions, including A-Plan, which provides cover under the student brand Endsleigh and has 100 branches in Britain, and specialist insurer Aston Lark.

In June, Howden signalled a big push into America with the acquisition of TigerRisk, in a move intended to create a fourth global player in the reinsurance market, where insurers sell off some of their risk to other providers. Revenue is now close to £2 billion.

Howden says that since the pandemic, the business has invested \$5 billion, including on the deals, which at stock market companies might spark questions about the speed of the growth and the integration risks.

Adam Winslow, Aviva's head of UK and Ireland general insurance, is a client and says Howden is known for "building an enviable, client-focused organisation, cleverly stitching together acquisitions".

Howden makes a virtue of running the fifth-largest employee-owned business in Britain – an insurance version of John Lewis – using shares to buy businesses and entice entrepreneurial types. The shares are priced every year by Morgan Stanley and 3,500 staff own 35 per cent of the business, in which Howden holds 9 per cent of the voting shares.

He sees his role as to "energise" people and refuses to put pledges about the company culture on the walls of the plush new office in the heart of the City of London. Instead, life-size bronze statues of Flight, his faithful weimaraner dog, are a reminder of the modest beginnings. "Whenever you walk into companies with the culture written on the walls, you know none of it is true," says Howden.

The rest of the business is owned by its charitable foundation and three private equity houses: General Atlantic, which has been involved since 2013; CDPQ, which arrived in 2018; and Hg Capital, which invested for the first time last year after selling A-Plan to Howden in 2020.

David Hodgson, vice-chairman of General Atlantic, says that among Howden's skills is his ability to discover talent: "In a business where the challenge is to attract the very highest-quality people, it is certainly an amazing advantage to have a leader who is a bit of a piper."

Howden rewards those employees well, he says. "Staff have changed their lives because of us – they've paid off their mortgages or something else they wouldn't have been able to do otherwise. That's quite nice."

He has done quite nicely, too. Married to second wife Fiona with three daughters, home is Oxfordshire's Cornbury Park estate, the venue for last weekend's Wilderness music festival. He has the trappings of a wealthy lifestyle: classic cars, horses for his daughters and racehorses. Howden Group is known for its equestrian insurance policies and is the official partner of Ascot racecourse.

It was not always this way. While his great-great-



Stand up for insurance, says David Howden from his City office. It is 'a facilitator of so much if it's used in the right way'

THE LIFE OF DAVID HOWDEN

VITAL STATISTICS
Born: December 30, 1963
Status: married to Fiona; three daughters aged 23, 18 and 15
School: Radley College in Oxfordshire – "I left after my O-levels." Two A-levels at Westminster Tutors sixth-form college
University: none
First job: plucking pheasants for the local butcher
Salary: £850,000
Home: Cornbury Park estate, venue for the Wilderness festival; and Cornwall
Car: numerous, but the favourite is an Iso Grifo, the 1966 white model of

the Italian classic car that one belonged to the motorcycle racer Mike Hailwood. "As a kid, I used to have him on my wall"

Favourite book: *The Tiger Who Came to Tea* by Judith Kerr. "I read it to my three children"

Drink: red wine
Film: *Rain Man* starring Dustin Hoffman and Tom Cruise. "Both my mother and my brother taught autistic children"

Music: JJ Cale
Gadget: Technics S-1200 turntable

Watch: Montine. "It's worth nothing but it belonged to my father"

Charity: The Prince's Trust
Last holiday: Cornwall

WORKING DAY
The chief executive of Howden gets up "very



Howden's home is the Cornbury estate, venue for the Wilderness festival. He loves his Iso Grifo car and the movie Rainman



early", 4.15am, at his Oxfordshire estate to be driven to his office in the City by 7am – but he usually gets the train home. He also spends a "huge amount" of time abroad visiting the 45 countries where the business has operations.

DOWNTIME
David Howden looks forward to spending time with his wife and daughters and loves the outdoor life, including activities such as surfing and riding. "I recently broke a rib falling off a horse. I don't bounce any more."

great-grandfather, Alexander Howden, founded an insurance business, the family's fortunes changed when Howden was young. When he was seven, his father died (he wears his watch 50 years on) and his comfortable lifestyle altered when his mother (now 96) had to sell the family's estate to pay the inheritance tax. She had to work – she taught autistic children – although her son did attend two top public schools: Dragon prep school in Oxford and nearby Radley College.

"I didn't make it all the way [through school]," he guffaws, making light of the rugby injury he endured at the age of 15 – one that left him with a broken back and unable to walk. "I had a spinal fusion and they fixed me. I walked again and that was great," Howden says. He has an easy laugh, but surely these early life experiences have shaped him?

"In life, building resilience and having setbacks is actually really good for you. I think a lot of people can take strength from things that go wrong, rather than spend time regretting them."

University was not for him. "There's many things that can give you ability, like brains, intelligence, good education, confidence – and I think the other one is drive. I felt I wanted to create something and build something."

He started out at the firm his ancestors had founded (it is now owned by Aon) in 1980, before eventually going it alone. One of his early backers was Brian Marsh, who lent his name to the insurance bro-

If black swan events like the pandemic keep happening, how does the industry price the risk?

ker Nelson Hurst & Marsh. He recalls that Howden was "always a very lively and willing worker" when he worked with him in the early 1990s.

That is the attitude Howden expects from his staff as he tries to keep the business up to date – with the technology needed to measure emerging risks, in getting ready for "black swan" unexpected events such as pandemics, and in expanding into new areas. For instance, a new division is being set up by Mary O'Connor – who temporarily ran the professional services giant KPMG last year when it was in a leadership vacuum – to establish a consultancy-style outfit offering legal and other services to businesses.

Meanwhile, climate change was on Howden's mind even before the hosepipe bans recently imposed. His company is changing the models the industry uses to price the chance of catastrophes. "Last year, 'cat losses', breached the \$100 billion threshold, with the vast majority coming from areas outside the traditional peak perils, such as hurricanes. Instead it was the freezes in Texas, the floods in Germany, the wildfires in California.

"If black swans keep happening, how does the industry price the risk?" he asks.

Might the government have to step in at times, as has been the case in Florida after floods made insurance too expensive to buy? "We're going to see risks that clearly cannot be taken up fully by the insurance market," Howden says.

Take Covid. There had been talk that there would need to be support from the UK government for future policies sold to protect against pandemics. Howden is concerned that the "energy has dissipated" from the early discussions.

And while the industry infuriated its customers over Covid claims, he cautions: "Can insurance, which is probably a market of \$4 trillion of capital, have picked up the whole cost of the pandemic? Not in a million years."

A decade ago, there was much chatter that Hyperion – as it was then – would float on the stock market. That no longer looks on the cards as the private equity backers are in no rush to get out – Hodgson says General Atlantic wants to stay "pretty much indefinitely". That may also be true of Howden. "Building a business is fun... I'm not thinking of hanging up my boots at the moment," he laughs.