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Former AMP boss Paul Batchelor taps into Insurance House deal



Paul Batchelor, founder of Yorkway Partners, believes what's happening to the big bank and insurance brands will help smaller rivals. **Peter Braig**

by [Joyce Moullakis](#)

Former AMP chief Paul Batchelor is taking a bet on insurance broking through his investment firm Yorkway Partners, with a view there is space for a third large broker while big insurance brands will suffer as a result of the Hayne royal commission.

Yorkway this week announced it would take a "significant minority investment" in Victorian-based broking and underwriting business Insurance House, which has more than \$250 million in annual premium turnover.

While declining to directly comment on the upheaval at his former employer AMP, Mr Batchelor did note that revelations at the banking royal commission regarding poor advice from the financial sector would see consumers and business "increasingly value" personalised service and advice.

"What is happening in the big brands is going to help the smaller private groups," he said.

General insurers are caught up in the commission but other parts of the industry have been spared.

Insurance House, which has a strong focus on regional Australia, has more than 180 staff across 11 offices and a network of 50 authorised representatives. Its business spans a range of areas including commercial insurance, agribusiness, risk

management, affinity and associations, workers compensation and personal and life insurance.

Mr Batchelor and Insurance House managing director Jay Fereday believe the capital injection better positions the company to grow, both organically and via acquisition, to rival larger groups such as ASX-listed Steadfast and AUB Group.

"It's [the insurance broking market] still quite fragmented, in our view there is certainly room for a third large player in this market," Mr Batchelor said, noting there was also a national issue of "chronic underinsurance".

After already completing 15 acquisitions over the past decade, Mr Fereday also sees plenty of scope for further expansion in both regional areas and in cities. He outlined an ambitious target of reaching \$1 billion in premium income in the medium term, or over five or so years.

In comparison, the Austbrokers' website says the company has more than \$2 billion in gross written premium income. Austbrokers is a division of AUB Group.

There are, however, no near-term plans for an ASX listing at Insurance House as the near-term objective is building out the business. A listing could be an option down the track.

"Being private at this stage of the business provides more flexibility," Mr Batchelor said.

"At this stage of growth private is the way to go ... in three to five years we may need to consider other options."

In terms of challenges, Mr Fereday said keeping up with the evolution in technology and customer demand was a large task for insurance brokers.

"Increasingly our desire is to give our clients what they need when they need it, including a client digital experience and that's not cheap," he said.

"It is getting more expensive to run an insurance broking business."

He added that Insurance House's net profit was on track to print north of \$10 million in the 2018-19 year. The company was established in 1983 in rural Victoria.

Yorkway structured the Insurance House transaction by bringing together a group of high-net-worth investors through its subsidiary Yorkway Equity Partners. As part of the deal, Mr Batchelor will take a board seat.

Interestingly, Yorkway has stepped up its deal-making efforts in the past five years. Insurance House marks the firm's 10th transaction and it has originated, structured and invested in businesses with a total enterprise value of about \$1 billion.

Recent transactions include the firm last year [teaming with Quintet Partners for an investment in trustee and custodian business One Investment Group, the third largest player in the local outsourced responsible entity and trustee services industry.](#)

Source: http://www.afr.com/business/banking-and-finance/former-amp-boss-paul-batchelor-taps-into-insurance-house-deal-20180522-h10edk?login_token=r9DL_1maWPoHQq8K5T4mZ0ef_ubphw7Jzk2B8YQxcy1-v-McVzuj3Nx1-blrai64GrHraj0rR0LEXdvaob-9qw&expiry=1527066427&single_use_token=EDEwLHcWWnHE-i0D1YnwUHhNXCo2QCuGfGa9nub0Tfd_uwR7036Xj0T77hhLWzTmSqweQUj_wMk5emdZhfTBw 23 May 2018