

A BROKER WITHOUT BORDERS

Argentine commercial broker has a global perspective

By Thomas A. McCoy

Since population and geography can define a broker's marketing territory, Makler Seguros of Buenos Aires, Argentina, has plenty to work with. The metropolitan area where it is based includes some 10.5 million people. And Argentina is roughly the size of the United States east of the Mississippi River. However, the marketing territory for Makler Seguros is more like, well ... the world.

It serves more than 200 clients based in other countries, including about 60 in the United States, 75 in Europe and 20 in Asia. Its Web site (www.maklerseguros.com) is accessible in five languages: Spanish, English, French, German and Portuguese.



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“I am traveling out of Argentina about 120 days a year on business,” says Makler Seguros CEO Ricardo Rosenthal.

Rosenthal founded the firm in 1985, along with two other insurance brokers. Prior to that time, Rosenthal wrote workers comp business for a firm that eventually became part of Aon. Today, Makler Seguros has 63 employees, three offices in Argentina and one in Uruguay, and is the fourth largest P-C broker in its local market — behind only Aon, Marsh and Willis.

The privately owned Makler Seguros is content to leave the giant accounts to the publicly owned brokers. “We compete effectively for the middle market and upper middle market business,” says Rosenthal. “We can build good relationships with the management of these firms.”



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Manager, Technical Department*

Makler’s commercial clients run the gamut of manufacturing and distributing, financial services and transportation businesses. It provides property/casualty; risk management and loss control consulting; and employee benefits for these clients. The benefits business represents almost a quarter of its revenues. The firm writes a very small amount of personal lines business—only through affinity groups, both employers and associations.

“In Argentina there are only 10 or 12 multinational companies, and we currently insure two of them,” Rosenthal says. “There are other smaller companies that have one or two operations outside of Argentina, but they are not really multinationals. They might trade in Chile or Brazil or Uruguay, for example.”

Outside Argentina but within Latin America, Makler Seguros handles business through its branch office in Uruguay, where it has six employees, and through its membership in RiskCo, Ltd., a network of brokers in 14 countries throughout Latin America. For

business in the rest of the world, it draws on its connections as a partner in Assurex Global, Worldwide Broker Network (WBN) and the International Benefits Network (IBN).

How the firm works with brokers in other countries can vary, Rosenthal explains. “In some cases the (outside) broker just brings us the business, they are paid a commission, and they won’t service the business at all. In other cases, the broker will keep their commercial relationship with the client, and they will rely on us for the back-office work—placement, servicing, claims and risk management.”

The firm’s biggest single growth market now is construction. That business is headed by Patricia Poilischer, manager of the 10-person Technical Department. She came to Makler four years ago from a large construction company where she served as a risk manager.

“Some of the construction risks we insure are highways, civil works (buildings), water treatment plants and industrial factories,” says Poilischer. “We recently insured the construction of two new hotels being

built in Buenos Aires. We’re also involved with a lot of construction going on just outside the city of Buenos Aires.”

Poilischer continues, “We work with all the parties involved in the construction project—the owner, contractor, subcontractors, and any financing entities. All risk policies can cover all these together.” She notes that coverage is readily available from top insurers such as ACE, Zurich and AGF Allianz.

One coverage that is not so readily available in Argentina, Poilischer says, is environmental risk. “Only ‘sudden and accidental’ pollution is covered under the general liability policy. AIG is in the process of launching a policy (for other pollution exposures), but wording must be approved by National Superintendence of Insurances.

“One of our clients is constructing a water treatment plant in Uruguay which will be used by a paper manufacturing facility. It’s a very important project for Argentina and Uruguay, but because of environmental concerns, the construction of the paper plant is delayed. An international court will

have to rule on whether the project can go forward.”

Since 2005, the economy in Argentina has been gaining strength, creating favorable conditions for Makler Seguros. “Our revenue grew 5% in 2005, and last year it grew 32%,” says Rosenthal. “People are increasing their investments in stocks. There are more contracts and liability, more marine imports and exports and inland marine business.”

Times weren’t always quite this good. The years 2001 through 2003 were particularly difficult for the Argentine economy. An economic crisis in the country included 20% unemployment and a restructuring of government debt. “We never lost money during those years, but our profits were very limited,” says Rosenthal.

Value-added services and creative compensation arrangements have played a key role in the firm’s growth. “We provide a number of services,” Rosenthal says, “including benchmarking and risk management.” Some loss control and claims administration

services are performed in-house and others are outsourced.

“We are one of the few brokers that works on a fee basis,” Rosenthal notes. “Traditionally, in Argentina brokers are paid commissions, but about 15% of our business is on a fee basis, which is substantial for our country. We will either take a commission or charge a fee, but not both.”

In 1998 Makler formed a Special Risks Division to take advantage of non-mainstream opportunities. Included in the division is extended warranty business, which Makler writes as a joint venture with another broker. Another special risk is fine arts business.

“We have some fine arts galleries that we insure,” Rosenthal says. “We also have covered art exhibits on loan to various art museums. For the last couple of years we’ve insured a Picasso exhibit from Brazil, which has traveled to Argentina and Mexico.”

Internally, Makler Seguros is organized by departments. The largest department, National

Corporate Accounts, manages around \$25 million (U.S.) in premiums. The Workers Compensation Department covers more than 35,000 workers, and the Personal Accident Department handles more than 40,000 policies. Other departments are Life & Health, Aviation, Risk Management & Engineering, and Marine Yachts.

Rosenthal is proud of the technology that keeps track of all these diverse lines of business and service capabilities. “We have a proprietary IT system that is managed by our in-house IT manager,” he says. “We developed the system six or seven years ago and it is in constant upgrade. It includes both an intranet and extranet. We can access policies, claims information, payment conditions, and cash flow manuals. I can get access to all this information from any PC when I’m out of the office.”

And Rosenthal plans to be out of the office as much as necessary. He has a marketing territory to serve, and it’s a big one. ■