



Technology is still the 'bedrock of our business' – CFC Underwriting's Dave Walsh

By Clare Ruel | 13 November 2020

With CFC Underwriting making it onto *Insurance Times's Top 50 Brokers* podium yet again, the firm's chief executive and founder Dave Walsh discusses how it started out in the dot-com era, emphasising that technology is still at the business's heart today

During the height of the dot-com boom in the 90s, a Lloyd's underwriting agency called Click for Cover was founded.

Its initial aim was to approach startups via internet providers to sell **cyber insurance** online, but as its founder and chief executive Dave Walsh tells *Insurance Times*, "it was obviously a bit ahead of its time as no-one trusted buying insurance online".

Back then, Click for Cover was effectively what an **insurtech** is now, and Walsh says that "technology has been the bedrock" of its business ever since.

This anti-climax in selling cyber insurance led to [Click for Cover rebranding as CFC Underwriting](#), after experiencing what Walsh describes as “the hardest market ever” post 9/11 - but writing technology risks is still its core.

“Whatever the business problem is, we want the answer to be technology,” he adds.

Nowadays CFC has a staff base of 440; around 400 employees are based in London and it has operations in New York and Brussels too, although at inception the firm was only a one-man-band. The managing general agent (MGA) now sells 50 products across 17 lines, serving more than 100,000 businesses in 80 countries.

Fast forward to 2020 and CFC Underwriting has several accolades to its name – the most recent being climbing up one place in *Insurance Times's Top 50 Brokers* after growing its revenue by 22%.

This makes it five years that CFC has been part of the list and every year, Walsh says he eagerly “counts the days” until its publication, as it’s “the most definitive list of us against our peers”.

Now Walsh has ambitions of making it into the top 20 next year, armed with strong organic growth, [acquisitions](#), enhanced data analytics and positive staff culture.

It's an arms race

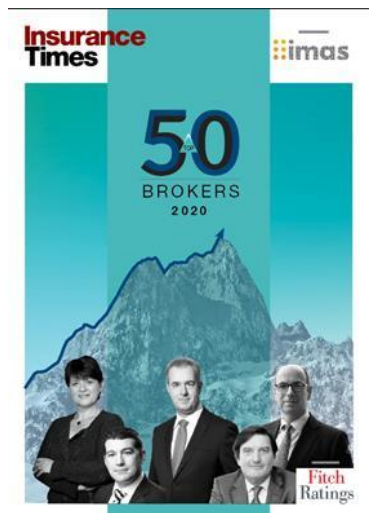
Thinking about [CFC's](#) transformation since its birth in 1999, Walsh admits that flexibility is key, as “our original business plan has morphed a thousand times”.

In January, it bought insurtech ThreatInformer to streamline its underwriting process, examine claims data and prevent client losses.

“There's a real arms race in insurance right now – this is to ask less and less questions of your customer and learn as much as you possibly can,” he says.

Walsh points out that this approach is already happening in personal lines thanks to homogeneous risks, however claims values are relatively small. CFC, on the other hand, is applying this thinking to its cyber products by examining data and predicting claims.

“We hope that this will make us better underwriters, produce better loss ratios and [give us a] sustainable competitive advantage,” he adds.



Read about [CFC Underwriting](#) in *Insurance Times's Top 50 Brokers 2020*, in association with [IMAS](#)

CFC acquired Texas-based firm Solis Security six months before ThreatInformer in order to expand its cyber incident response team.

He says: “It does feel like we are in a good place right now, even with the full effects of **coronavirus**, potentially a massive recession around the corner and a difficult hard market coming.”

Speaking about organic growth over the last 21 years, Walsh says: “When you have a business that is about long-term organic growth, you can really finesse the direction of your business more accurately. It’s a very lucky position as we don’t have to force growth.”

The reason that CFC can grow organically is because it deals with fast growing classes, like cyber, and is not complacent as a business.

“We tend to focus on the areas where **technology** is affecting the industry,” he adds, citing digital healthcare as one example.

Happy staff, happy business

For Walsh, his staff have always been central - “if you have happy staff, then everything else follows”, he says.

Every five years CFC changes investors. Walsh says that what he loves about this process is “at a human level, working on a five year project is a very useful thing – the same thing is true of a business.”

In doing this, it gets the next cohort of staff on the shareholders register. “It’s one of the things that I am most proud of – we have got our staff shareholders from 16% to 60%,” Walsh continues. “We are now very much a proudly majority employee-owned organisation with an external private equity investor.”

From an employee perspective, this means that staff “really care about the business”, but he also advocates an approachable culture.

Walsh believes that siloes are a problem for businesses, as “once you have ingrained bonuses, you can’t move people diagonally to positions that would better suit their skills and you become immobile as a workforce, which is dangerous”.

Walsh’s biggest challenge by far is the Covid-19 pandemic. CFC committed to no redundancies or salary reductions as a result of the pandemic and has paid staff bonuses early.

But in moving all staff to work remotely, Walsh says CFC is now trying to figure out what this means long-term – working from home yet still making people feel part of the company.

CFC has created a broad working group to address this.

“We want to build the best workplace in insurance in London,” he says.

Walsh also set up a coronavirus hardship fund of £250,000 to help his staff's families that were impacted by Covid-19. And the firm extended cover for its customers and chose not to rely on the government for funds.

Over the coming months and impending hard market, Walsh says CFC will be “sticking to the knitting”.



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