

Pine Brook Road's 1st Fund Closes at \$1.4 Billion



By Michael J. de la Merced

04/07/09 When Howard Newman began pitching investors on the first fund of his new firm, Pine Brook Road Partners, in early 2007, he says, his audiences didn't seem very receptive to what he was selling.

"When we started fund-raising, people were still interested in mega-buyout funds," Mr. Newman told DealBook in an interview on Monday.

Then came the credit crisis, which reduced demand for traditional leveraged buyout firms and their debt-dependent business. That helped attract investors to Pine Brook's unusual fund, which the firm on Tuesday will announce has finally closed at \$1.43 billion.

Mr. Newman, a former Warburg Pincus executive and Morgan Stanley banker, describes Pine Brook this way: as less a traditional buyout firm than a sort of venture-capital-type firm, providing growth capital to new or near-new energy and financial services businesses to grow and expand.

"Our strategy is to build businesses rather than to buy them," he said.

Unlike venture capital firms, Pine Brook focuses on proven concepts in existing industries, Mr. Newman said. That removes what he calls product and market risk, leaving only the execution as the main concern of the firm's portfolio companies.

Though its final close will be announced on Tuesday, Pine Brook's fund first closed in December 2007, and it has been invested in nine companies so far. Among them are Common Resources, a start-up oil and gas exploration company; Aurigen Re Capital, a new Canadian life reinsurer; and Narragansett Bay Insurance, a "rehabilitated" specialty personal lines insurer that provides homeowner policies.

Pine Brook's other managing partners are Arnold Chavkin, Joseph Gantz, Robert Glanville, Robert Jackowitz, Craig Jarchow, Michael McMahon and William Spiegel.

The firm's fund-raising advisers included the law firm Covington & Burling and Lazard as placement agent.