

Business Insurance

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WORLD'S 10 LARGEST INSURANCE BROKERS

Ranked by 2010 brokerage revenues

RANK	Company/address	Phone/website	Chief executive	2010 brokerage revenues	% change	2010 employees	2010 offices	Commercial retail	Wholesale	Reinsurance	Employee benefits	Personal lines	Services	Investments	Other
1	Aon Corp. 200 E. Randolph St., Chicago, Ill. 60601	312-381-1000 www.aon.com	Gregory C. Case, president/CEO	\$10,606,000,000 ¹	43.1%	59,100	500	44.8%	n/m	13.4%	18.2%	n/m	21.9%	0.7%	1.1%
2	Marsh & McLennan Cos. Inc. 1166 Ave. of the Americas, New York, N.Y. 10036	212-345-6000 www.mmc.com	Brian Duperreault, president/CEO	\$10,596,000,000 ²	7.7%	51,000	618	45.1%	n/m	9.2%	32.8%	n/m	12.8%	0.6%	-0.5%
3	Willis Group Holdings P.L.C. 51 Lime St., London, EC3M 7DQ England	44-203-124-6000 www.willis.com	Joe Plumeri, chairman/CEO	\$3,300,000,000	2.8%	17,000	400	56%	4.8%	20%	14.1%	2.2%	1.9%	1.1%	n/m
4	Arthur J. Gallagher & Co. The Gallagher Centre, 2 Pierce Place, Itasca, Ill. 60143-3141	630-773-3800 www.ajg.com	J. Patrick Gallagher Jr., chairman/presiden t/CEO	\$1,789,884,000	4.6%	10,736	250	40.2%	11.8%	n/m	18.1%	1.2%	24.7%	4%	n/m
5	Wells Fargo Insurance Services USA Inc. 150 N. Michigan Ave., Suite 3900, Chicago, Ill. 60601	312-423-2500 wfis.wellsfargo.com	Neal R. Aton, president/CEO	\$1,649,538,000	5.7%	7,526	174	59%	0.9%	n/m	12%	9.8%	2.9%	1.8%	13.6%
6	Jardine Lloyd Thompson Group P.L.C. 6 Crutched Friars, London, EC3N 2PH England	44-207-528-4444 www.jltgroup.com	Dominic Burke, group chief executive	\$1,137,730,760 ³	18.8%	6,219	80	47.5%	7.2%	17.2%	17.4%	1.3%	7.8%	1.1%	0.5%
7	BB&T Insurance Services Inc. P.O. Box 31128, Raleigh, N.C. 27622	919-716-9777 www.bbt.com	H. Wade Reece, chairman/CEO	\$1,078,576,900	-0.3%	4,402	115	48%	25.8%	n/m	10.4%	8.7%	n/m	0.8%	6.3%
8	Brown & Brown Inc. 220 S. Ridgewood Ave., Daytona Beach, Fla. 32114	386-252-9601 www.bbinsurance.com	J. Powell Brown, president/CEO	\$966,917,112	0.2%	5,286	148	53.8%	14%	2.1%	17.6%	7%	4.8%	0.1%	0.5%
9	Lockton Cos. L.L.C. 444 W. 47th St., Suite 900, Kansas City, Mo. 64112-1906	816-960-9000 www.lockton.com	David M. Lockton, chairman	\$826,857,000 ⁴	8%	4,107	54	67.6%	5%	1.8%	24.2%	0.3%	n/m	1.1%	n/m
10	Hub International Ltd. 55 E. Jackson Blvd., Floor 14A, Chicago, Ill. 60604-4187	877-402-6601 www.hubinternational.com	Martin P. Hughes, chairman/CEO	\$761,577,000	5%	4,900	255	57.5%	5.8%	0.5%	13.8%	21.3%	1%	0.1%	n/m

Hub International Ltd. has a renewed appetite for acquisitions in a slowly improving economy and wants to expand beyond its traditional markets in the United States and Canada.

"We met our expectations" in 2010 "and grew revenue," said Martin P. Hughes, chairman and CEO at the Chicago-based brokerage.

Hub's brokerage revenues last year increased 5% to \$761.6 million, with commercial retail revenues rising 7% to \$438.7 million.

Its performance during 2010 ranked Hub as No. 10 in the 2011 *Business Insurance* ranking of the world's largest brokers.

After slowing its acquisition efforts during the weak economy, Hub is back on the trail now that acquisition targets are more attractive because many businesses have stopped shrinking, Mr. Hughes said.

"We shut down mergers and acquisitions in 2009 and the first half of 2010, then started to ramp back up in the second half," he said. "This year we've done about 19 acquisitions."

That means Hub in the first half of this year was close to the number of deals—22—that it completed for all of last year.

"This year will be a strong year for us. We'll do a lot of mergers and acquisitions," Mr. Hughes said.

Some M&As likely will be in Canada, where Hub's business has "performed at a really high level" in an economy that has not taken as bad a beating as the United States, Mr. Hughes said.

"For the first time in quite some time, we have looked at decent acquisition opportunities" in Canada, he said.

Growth by acquisition is not an unusual strategy for Hub, said Bobby Reagan, president and CEO of Reagan Consulting Inc. in Atlanta.

"In this market, organic growth is hard to come by," Mr. Reagan said. "What they are doing is not inconsistent with what other publicly traded or private equity fund-

TOP BROKERS	
RANK 10	
Martin P. Hughes, chairman and CEO	
HUB INTERNATIONAL LTD.	
2010 GROSS REVENUES \$762,587,000	↑ 4.9%
2010 BROKERAGE REVENUES \$761,577,000	↑ 5%

owned brokers are doing."

Hub has been owned since 2007 by Apax Partners L.L.P. and Morgan Stanley Principal Investments.

The brokerage likely will look to acquire middle-market retail agencies to strengthen its presence or provide access to markets "they are not in, so that they can strategically fill out their footprint," Mr. Reagan said.

"We are a middle-market broker," Mr. Hughes said. "We focus on clients that need risk management services" rather than large buyers with sophisticated in-house risk management capabilities, he said.

Some acquisition targets in Hub's sights are brokers that have realized that they will not be able to provide a full range of risk management services that clients need, Mr. Hughes said. It's difficult for some to invest in developing expertise across a range of insurance and loss-control specialties, which leads them to partner with a broker that can offer a full menu of services, he said.

As the U.S. economy has struggled, Canada has become more important for Hub. Last year, non-U.S. clients were responsible for 33% of revenues, up from 29% in 2009 and attributable to more business in Canada, Mr. Hughes said.

As its acquisitions picked up, Hub's office count grew to 255 in 2010, up from 220 the year before. All of its retail offices are in the United States and Canada, but that may change.

"We are definitely looking at that as we speak," Mr. Hughes said of potential expansion. "We have our eye on Latin America, and that is probably where we will make our first international expansion."

As for Europe, "we're definitely looking," Mr. Hughes said. "We already do a tremendous amount of business in London, but that's a pretty mature market. We have to look at it more as a strategic opportunity rather than a growth opportunity."

Meanwhile, organic growth remains a challenge, Mr. Hughes said, as Hub's target market clients have cut back on hiring and expansion in recent years.

"I spend a lot of time talking to CEOs of clients," Mr. Hughes said. "They are cautiously optimistic, they see business getting better. But they are reluctant to hire and until they get over that hump, the economy won't really recover," he said.

A soft insurance market isn't helping organic growth, either, Mr. Hughes said.

"Rates are down 3% to 5% across the board for us...A lot of insurers are asking for rate increases, but they're not getting them," he said.

Hub is looking for growth in its employee benefits business, even as uncertainty hangs over that business as the Patient Protection and Affordable Care Act goes into effect, Mr. Hughes said.

Employee benefits business grew 5.6% in 2010 with revenues of \$105.6 million.

"Employee benefits is a huge opportunity for us and we are focused like heck on that," Mr. Hughes said.

There are questions around whether some sectors of the employee benefits business will survive when the U.S. health care reform law takes effect, he said. There is speculation that employers with fewer than 100 employees no longer will be in the market for benefits once the law is implemented, Mr. Hughes said.

"Fortunately for us, that's not a big number," he said of the small-employer benefit accounts. "But that uncertainty does hang over us," and acquisition targets with a lot of benefits business have to be scrutinized to determine how they might be affected by the new health care law, Mr. Hughes said.

Speculation continues as to whether Hub might soon go public again. Hub reverted to private ownership in 2007.

Kevin P. Donoghue, managing director at Mystic Capital Advisors Group L.L.C. in New York, said he thinks it's likely Hub will go public. Private equity firms generally hold companies for three to 10 years before they are taken public or sold, he said.

"I would expect with Hub there would be an IPO," Mr. Donoghue said.

Mr. Hughes declined to comment on whether an initial public offering might be in the works for Hub.

—By Michael Bradford

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