

Business Insurance

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WORLD'S 10 LARGEST INSURANCE BROKERS

Ranked by 2010 brokerage revenues

RANK	Company/address	Phone/web site	Chief executive	2010 brokerage revenues	% change	2010 employees	2010 offices	PERCENTAGE OF REVENUES*							
								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/ president/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., LLC 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	55	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

*Percentage of revenue may not total 100% due to rounding. 1 Pro forma to include a full year of Hewitt Associates Inc. 2 Pro forma to include a full year of HSBC Insurance Brokers Ltd. 3 British pound=\$1.5452 (2010) fiscal year ending Dec. 31. 4 Fiscal year ending April 30. Source: BI Survey. Researched by Kevin Edison

TOP BROKERS

RANK

9

David M. Lockton,
chairman

LOCKTON COS., LLC

2010 GROSS
REVENUES
\$836,128,000

8%

2010 BROKERAGE
REVENUES
\$826,857,000

8%

Client retention, international expansion and providing employers with employee benefits expertise helped fuel growth at Lockton Cos., LLC.

The Kansas City, Mo.-based broker of property/casualty products and employee benefits tallied \$826.9 million in brokerage revenue during 2010. That was up 8% from 2009, making the privately held company No. 9 in *Business Insurance's* 2011 ranking of the world's largest brokers.

Along with revenue growth, Lockton added 227 employees in 2010, helping bolster its service level and client satisfaction, company officials said.

"It's no longer good enough to just be a good broker," said Chairman David M. Lockton. "Clients are looking for creativity in consultative services."

To meet client service expectations, Lockton formalized an internal process dubbed Strategic Engagement in 2010. It aims to foster deeper interaction with clients to help them define their risk management goals and determine the best methods to achieve those goals.

"That goes across a large gamut of ideas that go beyond just broking an insurance product," Mr. Lockton said.

The broker also said its service level helped it achieve a 95% client retention rate while adding 1,000 new customers during 2010.

Lockton's growth and customer retention are impressive given that the nation's economic difficulties have meant clients closing their businesses and shopping for alternatives to insurance, said John W. Wicher,

principal at John Wicher & Associates Inc. in San Francisco.

Clearly, Lockton has learned how to solve customer problems, he added. "Overall, a 95% retention rate is impressive, and growing a business through this economic hurricane we have all lived through is very, very impressive," Mr. Wicher said.

But Lockton's growth also was helped by the end of the Great Recession and the broker's presence in overseas markets. Lockton's commercial retail broker revenue from its U.S. offices grew 6.4% to more than \$411 million in 2010. But that was outpaced by commercial retail broker revenue from its non-U.S. offices, which grew 9.9% to \$154 million last year.

Lockton's 2010 overseas growth included a significant equity holding in South Korean insurance broker IMI, which it renamed Lockton Cos. (Korea) Inc.

Late in the year, the broker said it had entered into a strategic relationship with Indian insurance broker Unison Insurance Broking Services Pvt. Ltd., while continuing to maintain a business relationship with J.B. Boda & Co. Pvt. Ltd. in India.

Early this year, Lockton said it had received approval from the China Insurance Regulatory Commission to open a branch office in Beijing, although the groundwork for the expansion was laid in 2010 and it is the broker's second office in China.

"We really are more focused on investing in locales where we already exist and strengthening our capabilities there," Lockton President and CEO John Lumelleau said. "We think we have a pretty good mix as it is."

The broker's domestic growth included a Fairfax, Va., office opened in 2010 and offices opened this year in Charlotte, N.C.; Denton, Texas; and Memphis, Tenn.

"You can expect for Lockton to continue to be an opportunistic company and take advantage of strengthening our operations where we already are," Mr. Lumelleau said. "We have a broad footprint around the world now and simultaneously we are taking advantage of new geographies where there is a compelling reason to do so."

Employee benefits has proved a strong contributor to Lockton's growth. The broker said that its employee benefits revenue increased to nearly \$203 million during 2010, up 16.4% from the prior year.

Lockton said its benefits business outstripped its property/casualty revenue growth rate because it was early to advise employers on how health care reform law changes would affect their programs.

"We have gotten ourselves in a position to be ahead of the curve when it comes to consultant and advisory services for clients as they wade through the unknowns of the new health care provisions," Mr. Lumelleau said. "So it has been a very healthy growth area for us."

About half of the 227 employees Lockton hired in 2010 were in the benefits business area, the company said.

"We transitioned from a company that was a property/casualty broker and sold benefits to a company proactive in both," Mr. Lockton said.

But Lockton also faced the realities of a soft insurance market last year, evidenced by a 16.6% decline in wholesale revenue, which fell to \$40.9 million on the year.

Its overall growth despite the challenging economy is a testament to Lockton's private ownership, company officials and observers agree.

"We are able to make decisions of a longer-term nature (rather than focusing on quarterly results) because we don't have stockholders," Mr. Lumelleau said. "That really positions Lockton to address the longer-term needs of our clients in a very effective and very efficient way."

Private ownership likely allows Lockton to channel more revenue to producer compensation and meeting client needs than if they had to meet the profit expectations publicly traded competitors face, Mr. Wicher agreed.

"Their business model has worked for them," Mr. Wicher said. "The culture is one of outward looking to the client."

—By Roberto Cenicerros



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