

Business Insurance

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As seen the week of:
July 19, 2010

SPOTLIGHT

World's 10 largest insurance brokers

Ranked by 2009 brokerage revenues

Rank	Company/Address	Phone/Web site	Chief executive	2009 brokerage revenues	% change	2009 employees	2009 offices	PERCENTAGE OF REVENUES*							
								Commercial retail	Wholesale	Reinsurance	Employee benefits	Personal lines	Services	Investments	Other
1	Marsh & McLennan Cos. Inc. ¹ 1166 Ave. of the Americas, New York, N.Y. 10036	212-345-6000 www.mmc.com	Brian Duperreault, president/CEO	\$10,507,000,000	-8.21%	52,000	700	41.09%	0.00%	8.67%	31.66%	0.00%	18.55%	0.68%	-0.65%
2	Aon Corp. 200 E. Randolph St., Chicago, Ill. 60601	312-381-1000 www.aon.com	Gregory C. Case, president/CEO	\$7,410,000,000	1.49%	36,200	397	61.10%	0.00%	19.48%	14.54%	0.00%	2.06%	2.01%	0.81%
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	\$3,210,000,000	-4.52%	17,000	402	58.11%	4.01%	18.82%	14.43%	2.21%	0.80%	1.53%	0.09%
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	\$1,711,683,000	6.23%	9,840	200	41.26%	11.15%	0.00%	19.11%	1.34%	26.12%	1.02%	0.00%
5	Wells Fargo Insurance Services Inc. 150 N. Michigan Ave., Suite 3900 Chicago, Ill. 60601	312-423-2500 wfs.wellsfargo.com	Neil R. Aton, president/CEO	\$1,560,908,000	-10.45%	7,412	170	55.58%	1.10%	0.02%	12.76%	9.63%	3.29%	2.55%	15.07%
6	BB&T Insurance Services Inc. P.O. Box 31128, Raleigh, N.C. 27622	919-716-9777 www.bbt.com	H. Wade Reece, chairman/CEO	\$1,081,485,400	12.40%	4,669	115	46.05%	25.88%	0.00%	9.83%	8.16%	0.00%	1.18%	8.92%
7	Brown & Brown Inc. 220 S. Ridgewood Ave., Daytona Beach, Fla. 32114	386-252-9601 www.bbinsurance.com	J. Powell Brown, president/CEO	\$964,862,833	-0.12%	5,206	138	56.63%	14.48%	1.81%	16.35%	7.04%	3.38%	0.12%	0.19%
8	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	\$957,983,370 ²	-3.51%	6,097	80	52.11%	6.50%	15.10%	14.60%	1.73%	8.63%	1.15%	0.19%
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	\$765,885,000 ³	4.46%	3,880	51	68.01%	6.34%	1.67%	22.48%	0.41%	0.00%	1.08%	0.00%
10	Gras Savoye & Cie. 2-8 Rue Ancelle, Neuilly-sur-Seine, 92200 France	33-1-41-43-5000 www.grassavoye.com	Patrick Lucas, chairman/CEO	\$754,719,600 ⁴	-4.02%	3,670	105	64.08%	0.00%	1.55%	30.20%	3.18%	0.00%	0.99%	0.00%

*Percentage of revenues may not total 100% due to rounding. 1 Revenues do not include HSBC Insurance Brokers Ltd., purchased April 2010. 2. British pound=\$1.5661 (2009) fiscal year ending Dec. 31. 3 Fiscal year ending April 30. 4 Euro=\$1.3935 (2009) fiscal year ending Dec. 31. Source: BI survey, Researched by Kevin Edison

Additional charts on brokers are available at www.businessinsurance.com. Visit www.businessinsurance.com/directories for more information and to access the full searchable Directory of Agents & Brokers. Business Insurance now offers the option to purchase the entire online directory as an Excel file or as a PDF.

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TOP BROKERS

RANK

9

David M. Lockton,
chairman

LOCKTON COS., LLC

2009 GROSS
REVENUES

\$774,280,000



4.4%

2009 BROKERAGE
REVENUES

\$765,885,000



4.5%

Lockton Cos., LLC continues to flourish despite the difficult economic environment, its leaders say.

The privately held Kansas City, Mo.-based broker reported \$765.9 million in brokerage revenues in 2009, a 4.5% increase from the previous year, making it No. 9 in *Business Insurance's* 2010 ranking of the world's largest brokers.

Chairman David M. Lockton said the plan is to keep Lockton a privately held firm.

"We do believe that in the insurance brokerage and risk consulting business, our clients are best served by a private enterprise whose first loyalty is to the client and not to the shareholder, and so we intend to forever remain privately held," he said.

In response to the economy, "We have redoubled our efforts to make sure our clients are presented in the marketplace to their advantage," said President and CEO John Lumelleau. As client risk exposures have declined, "we have helped them position themselves with the underwriting community in a more advantageous way."

At the same time, the economy has "given us great opportunities from the

standpoint of new client growth. There are companies around the world that need the assistance and advice of a company like Lockton," so "it's a double-edged sword," Mr. Lumelleau said.

Lockton's ability to achieve more than 4% organic growth in this environment "really speaks to the success" of its business model, said John Wicher, principal of John Wicher & Associates Inc. in San Francisco.

Lockton's revenue split last year was 49% U.S. property/casualty, 28% international, 20% U.S. benefits and 3% affinity business.

Lockton's clients range from small firms to Fortune 50 companies. It has a client retention rate of more than 95%, its leaders say.

"Our client base runs the gamut from mainstream, Main Street America to the largest multinational companies around the world," said Mr. Lumelleau.

Its Fortune 1000 clients now total 150, said a spokesman.

Mr. Lockton said one area of emphasis throughout the past year has been international business, in part because most international products "are not as vulnerable as the U.S. casualty products are to the marketplace."

Lockton opened a Dubai, United Arab Emirates, office last year and is in the process of adding a Beijing office to its Shanghai operation as well as a new office in Minneapolis. It also has opened an office in Rio de Janeiro.

The broker this year also obtained an equity holding in Seoul, South Korea, insurance broker Insurance Management Inc., which has been renamed Lockton Cos. (Korea) Inc., and made an investment in Perth, Australia-based broker Australian Reliance Pty. Ltd. Details of the transactions have not been announced.

"We have great anticipation of a lot of growth in the Asian market this year," including China, Singapore, Thailand and Hong Kong, as well as Mexico, Mr. Lockton said.

The company also continues its partnership with Montreal-based BFL Canada, under which the brokerages help each other's customers.

Mergers and acquisitions remain a possibility, Mr. Lumelleau said. "We'll consider opportunities wherever they make sense for us," he said.

Lockton, which also has moved its London office to a new location, this year sold its insolvency practitioners insurance business for an undisclosed amount to London-based Amlin P.L.C., which cut its workforce by 40. "It was a peripheral business," said Mr. Lumelleau.

Among new developments this year is Lockton's establishment of a health reform advisory practice, which has "been a catalyst for very significant discussions with our clients and prospects around sorting out the confusion of details of the health care legislation," Mr. Lumelleau said. The practice, which includes more than 25 consultants, physicians and analysts throughout the country, is led by Senior VP and Director of Compliance Ed Fensholt. It is available to all Lockton clients.

It has already served more than 1,500 people through in-person summits, online programs and weekly health reform updates, according to a spokesman.

Meanwhile, Lockton's existing health risk management unit that continues "to predict cost trends and implement strategies" is "naturally complementary" to its health reform advisory practice, Mr. Lumelleau said.

New initiatives this year include a strategic client engagement process, "which

helps our clients to develop their risk management objectives, develop plans for achieving those objectives and direct their resources to the areas of greatest benefit," Mr. Lockton said.

On the technical side, Lockton is developing an analytic risk metric resource, which will allow Lockton to gather and share data on property/casualty transactions in various industries and track property/casualty insurance placements.

In conjunction with Houston-based Rice University, Lockton also has developed a securities class action loss estimate tool. With SCALE, "we've built a database that helps clients better define their exposure to (directors and officers) actions," said Mr. Lockton.

Lockton's employee benefits revenues increased 6.5% in 2009 to \$174.1 million, an area Mr. Lumelleau said is expected to continue Lockton's growth.

"In the face of an amazingly soft market on the insurance side," Mr. Lumelleau said Lockton continued to attract new clients last year, increasing its wholesale revenue 1% to \$49.1 million. "It's been a very important part of our growth strategy around the world," he said.

Lockton's reinsurance revenues increased 83.6% to \$12.9 million in 2009, a major improvement over a 30.3% drop in that category in 2008. The dramatic change reflects an anomaly that occurred in 2008 when the reinsurance markets tightened certain lines of coverage and the markets moved to a quota-share basis, which changed the way policies are billed, said Mr. Lumelleau.

The broker continues to accept contingent commissions, but all such data is shared with clients up front, Mr. Lumelleau said.

—By Judy Greenwald