

# Business Insurance

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## WORLD'S 10 LARGEST INSURANCE BROKERS

Ranked by 2011 brokerage revenues

RANK	Company/address	Phone/website	Chief executive	2011 brokerage revenues	% change	2011 employees	2011 offices	PERCENTAGE OF REVENUES*							
								Commercial retail	Wholesale	Reinsurance	Employee benefits	Personal lines	Services	Investments	Other
1	Marsh & McLennan Cos. Inc. 1166 Ave. of the Americas, New York, N.Y. 10036	212-345-6000 <a href="http://www.mmc.com">www.mmc.com</a>	Brian Duperreault, president/CEO	\$11,519,000,000	8.7%	52,000	N/A	45.1%	N/M	9.0%	32.7%	N/M	12.8%	0.7%	(0.3%)
2	Aon P.L.C. 8 Devonshire Square London, EC2M 4PL England	44-207-623-5500 <a href="http://www.aon.com">www.aon.com</a>	Gregory C. Case, president/CEO	\$11,228,000,000	5.9%	62,000	500	47.0%	N/M	13.0%	20.0%	N/M	19.7%	0.5%	N/M
3	Willis Group Holdings P.L.C. 51 Lime St., London, EC3M 7DQ England	44-203-124-6000 <a href="http://www.willis.com">www.willis.com</a>	Joe Plumeri, chairman/CEO	\$3,414,000,000	3.5%	17,000	400	54.2%	4.3%	22.1%	13.9%	2.3%	2.3%	0.9%	0.1%
4	Arthur J. Gallagher & Co. The Gallagher Centre, 2 Pierce Place, Itasca, Ill. 60143-3141	630-773-3800 <a href="http://www.ajg.com">www.ajg.com</a>	J. Patrick Gallagher Jr., chairman/ president/CEO	\$2,091,700,000	16.9%	12,383	300	38.4%	13.0%	N/M	18.9%	2.2%	25.6%	2.0%	N/M
5	Wells Fargo Insurance Services USA Inc. 150 N. Michigan Ave., Suite 3900, Chicago, Ill. 60601	312-423-2500 <a href="http://wfis.wellsfargo.com">wfis.wellsfargo.com</a>	Laura Schupbach, executive vp, Wells Fargo Insurance	\$1,626,869,000	(1.4%)	7,525	160	60.4%	0.3%	N/M	14.2%	10.7%	2.2%	1.7%	10.5%
6	Jardine Lloyd Thompson Group P.L.C. <sup>1</sup> 6 Crutched Friars, London, EC3N 2PH England	44-207-528-4444 <a href="http://www.jltgroup.com">www.jltgroup.com</a>	Dominic Burke, group chief executive	\$1,266,671,620	11.3%	6,722	78	52.1%	8.1%	12.4%	16.7%	1.0%	8.0%	1.2%	0.6%
7	Brown & Brown Inc. 220 S. Ridgewood Ave., Daytona Beach, Fla. 32114	386-252-9601 <a href="http://www.bbinsurance.com">www.bbinsurance.com</a>	J. Powell Brown, president/CEO	\$1,112,104,659	15.0%	6,061	145	51.9%	13.9%	1.6%	17.2%	6.6%	8.3%	0.1%	0.6%
8	BB&T Insurance Services Inc. P.O. Box 31128, Raleigh, N.C. 27622	919-716-9777 <a href="http://www.bbt.com">www.bbt.com</a>	H. Wade Reece, chairman/CEO	\$1,104,126,900	2.4%	4,565	118	48.9%	26.3%	N/M	10.9%	8.5%	N/M	0.7%	4.6%
9	Lockton Cos. L.L.C. <sup>4</sup> 444 W. 47th St., Suite 900, Kansas City, Mo. 64112-1906	816-960-9000 <a href="http://www.lockton.com">www.lockton.com</a>	John M. Lumelleau, president/CEO	\$904,403,000	9.4%	4,450	60	65.7%	5.0%	2.1%	25.7%	0.4%	N/M	1.1%	N/M
10	Hub International Ltd. 55 E. Jackson Blvd., Floor 14A, Chicago, Ill. 60604-4187	312-279-4882 <a href="http://www.hubinternational.com">www.hubinternational.com</a>	Martin P. Hughes, chairman/CEO	\$878,321,552,00	15.3%	5,678	275	56.9%	5.5%	0.3%	15%	21.4%	0.9%	0.1%	N/M

\*Percentage of revenue may not total 100% due to rounding. N/M=Not meaningful.

N/A=Not available. 1 British pound=\$1.5698. 4 Fiscal year ending April 30.

Source: BI Survey. Researched by Angelina Villarreal.

## TOP BROKERS

RANK

4

J. Patrick Gallagher Jr.,  
chairman/president/CEO

## ARTHUR J. GALLAGHER &amp; CO.

2011 GROSS  
REVENUES  
\$2.14 billion

14.5%

2011 BROKERAGE  
REVENUES  
\$2.09 billion

16.9%

**F**or Arthur J. Gallagher & Co., 2011 was a year marked not only by setting company records on the acquisition front but a year in which that acquisition activity helped propel the broker past the \$2 billion revenue mark while positioning it for additional growth.

Among 2011's most noteworthy events for Gallagher was the May acquisition of U.K. broker Heath Lambert Ltd. for approximately \$158 million.

"The highlight of last year in many respects was our acquisition process," said J. Patrick Gallagher Jr., chairman, president and CEO of the Itasca, Ill.-based broker. "We completed the Heath acquisition in the U.K., which was our largest ever. That's turning out to be a real seminal deal for us."

"It's really put us in a place in the U.K. where we weren't before," Mr. Gallagher said. "Before, we were primarily London wholesale brokers." The Heath acquisition allows Gallagher to pursue its "bolt-on" acquisition strategy in the U.K., Mr. Gallagher said, and the company already has completed such an acquisition that wouldn't have been possible prior to the Heath deal.

"We had no platform to do what we'd been doing in the United States for the last 30 years in the U.K. because you don't bolt

on a retailer necessarily to a London wholesaler," Mr. Gallagher said. "So our acquisition opportunities now in the U.K. are substantial as are our organic recruiting opportunities."

Gallagher completed 32 acquisitions in 2011. "We added \$277 million in new revenue into the company and passed the \$2 billion mark for the first time," he said. "So we're celebrating the fact that we hit \$2 billion and we celebrate that with an adage that is 'We're just getting started'—\$2 billion is nothing more than a stepping stone to our future."

Gallagher posted \$2.14 billion in gross revenue in 2011, up 14.5% from 2010, and brokerage revenue of \$2.09 billion, a 16.9% increase from 2010, ranking Gallagher fourth on *Business Insurance's* rankings of the world's largest brokers.

"They're doing what they do, which is focus on the middle market. They're transactionally oriented, and they continue to want to bring in partners who, as they say, embrace the 'Gallagher way,'" said John W. Wicher, principal at John Wicher & Associates Inc. in San Francisco.

"They continue to be strategic acquirers," said Timothy J. Cunningham, a partner at OPTIS Partners L.L.C. in Chicago. "They're selective in terms of who they acquire. They're thoughtful about it. They look for a good fit and affinity in their merger partners."

Mr. Gallagher said in addition to its acquisition activity, Gallagher benefited in the second half of 2011 from improved economic and market conditions, a trend that continues in 2012.

"With the more favorable operating environment both on the rate side and the economic side...that is producing more profitability," said Meyer Shields, a Baltimore-based analyst for Stifel Nicolaus & Co. That increased profitability, in turn, supports Gallagher's acquisition strategy, he said.

Mr. Gallagher also noted the performance of the company's Gallagher Bassett Services Inc. third-party administration operation. "Our Australian Gallagher Bassett operation

has done terrific. So has our U.K. operation," he said. "We have serious global aspirations there." Gallagher's wholesale brokerage, Risk Placement Services Inc., also is seeing growth, he said. "Business is coming back into the wholesale market that had been placed in the standard markets," Mr. Gallagher said.

The company's benefits business also is doing well, and stands to benefit from health care reform, he said. "The government and the Supreme Court have helped us out," Mr. Gallagher said. "You simply cannot consult with a case of more than 150 lives and not have the kind of expertise and dedicated team that we have with the compliance structure of that new law," he said. "So our benefits business is on fire and you have great acquisition opportunities."

Going forward, Gallagher will continue to expand globally. In May, for example, the company announced it had increased its stake in Caribbean insurance intermediary and risk management operation CGM Gallagher Group Ltd. to 80% from 38.5%.

"We're proud of the fact that some 20% of our revenue now comes from places outside the United States," Mr. Gallagher said.

"They've talked about becoming a more international firm," said Mr. Shields. "We'll see continued acquisition domestically, obviously, but the percentage of acquisitions in the emerging markets (is) likely to grow, especially as they grow more comfortable with the culture and the processes in these countries."

Along the way, though, Gallagher will continue to emphasize cultural fit in the same way it has in assessing U.S. acquisition partners. "That's 98% of our due diligence right there," Mr. Gallagher said.

"The whole thing comes down to getting the right people," Mr. Gallagher said. "We're not going to do well in Perth, Australia, if the people we buy take their money and go to the beach. We need them coming in every day saying, 'This is exciting, and with Gallagher as my platform I can sell more, I can do more for my clients.'"

—By Rodd Zolkos

*This reprint brought to you compliments of Arthur J. Gallagher & Co.*



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