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August 2010

TOP 50 BROKERS

# PEAK PERFORMERS

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# TOP 50 BROKERS

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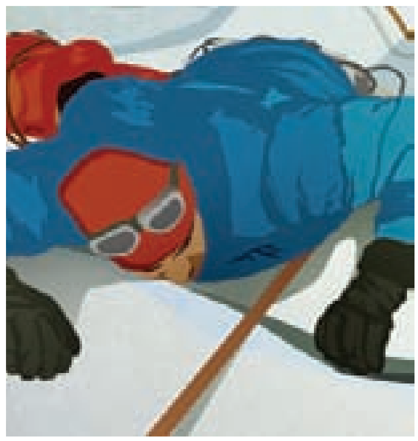

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# Long live diversity

Perhaps this year's Top 50 will be remembered as the moment when the Big Three finally became the Big Two. Recent acquisitions by Aon and Marsh have propelled the two multinationals into a league of their own. Meanwhile, Jardine Lloyd Thompson is snapping hard at third-placed Willis's heels.

This year's table also shows the consolidators continuing to creep up the rankings. HSBC's absorption by Marsh has enabled both Bluefin and top 10 newcomer Oval to creep up the table a notch.

Based on this year's findings, it's been a good year for Lloyd's brokers and not such a great time for commercial lines specialists. Somewhere in between, personal lines brokers have continued to defy predictions of their demise – broking traditionalists will be particularly heartened by the Top 50 entry of high-street chain A-Plan.

From Aon to A-Plan, this year's Top 50 is a reminder of how diverse the UK broking sector remains.

**David Blackman, deputy editor, *Insurance Times***

# Comparing notes

Everybody loves league tables. Investment bankers and private equity executives are happy to leave our offices with the most recent Top 50 in their briefcase. It makes them instant experts, giving them a high-level view of every significant player and an insight into industry trends.

We are assured of the supplement's popularity in the industry too – it provides a 'mine is bigger than yours' pecking order. Smaller brokers tell us it is their ambition to break into the Top 50 because it will give them a higher profile.

Over the past five years, we've witnessed 14 new entrants. So what lessons can be learned from them? Two-thirds have a significant acquisition in their history; some have achieved strong organic growth; they do not operate in one particular sector.

What these newcomers have in common is that they do what they do well. Broking remains a people-based business and the people continue to matter.

**Olly Laughton-Scott, managing director, IMAS**

# Uphill struggle

As ever, the Top 50 ranks the best in the broking world. But this year's tells a sorry financial story familiar to everyone in the insurance community. Mark Leftly considers the numbers

TIMES ARE TOUGH. An interest rate of 0.5% continues to take its toll on hard-working savers, creeping inflation is eating into the little money there is in the economy, nearly 2.5 million people are jobless and the coalition government has proposed more than 100 spending cuts in as many days in office.

Aside from pound shops and administrators at the big accountancy firms, few industries are buoyant, and broking is no exception. So what does this year's Top 50 table tell us about the state of the broking sector?

Brokerage income for a dozen in the Top 50 has either remained flat or declined over the past financial year. The most prominent, sixth-ranked Towergate Partnership, slipped 3.9% on 2008 to bring in £357.5m.

There are struggles from top to bottom. Cheshire-based Bollington only just sneaked into the top 50 – it grew by a mere 0.2% but is part of the larger £68m brokerage empire run by France's Groupama.

However, while there is little cheer for broking giants, those able to easily take out back-office administration costs can still afford to take a punt on acquisitions for growth. Overall revenue among the Top 50 is up £650m to break the £6bn barrier for the first time. This is mainly driven by the top 10 firms, with industry big beast Aon's revenues up nearly £120m.

Nevertheless, the negatives outweigh the positives. The industry, particularly commercial lines, continues to face pressure from one structural dynamic that could take years to resolve. As Grant Ellis, chief executive at 250-member Broker Network, puts it: "There are too few customers

‘We were all very optimistic that prices would continue to rise. But commercial has gone the other way and gone soft again’

**GRANT ELLIS, BROKER NETWORK**

chased by too many suppliers.” That is hardly the type of industry to be in during a recession.

## Supply and demand

“As a broad-brush approach, in the latter half of 2009 there was a definite rate hardening in both commercial and personal lines,” says Ellis, adding: “We were all very optimistic that prices would continue to rise. But commercial has gone the other way and gone soft again.”

So, premiums are falling, which is obviously bad for insurers. But given that broker fees are a percentage of each product sold, it is disastrous for those in – as well as those aspiring to get into – the Top 50.

Rates in personal lines are in a better state thanks to the recent rally in motor. With claims on the increase, motor premiums have had to go up to cover insurer losses, and brokers benefit by having a slice of a bigger pie.

Thomas Dorner, insurance analyst at Oriel Securities, says: “The broader UK insurance market remains competitive, although motor lines have shown significant increases in the past six months. Motor rates have gone up because insurers have experienced an increase in bodily injury losses, which are no longer being offset by reserve releases.”

Many insurers had been flattering their results by releasing funds from their reserves. But as this cash has started to dwindle, it has put upward pressure on premiums. That meant motor insurance prices could no longer be held down, even in the UK’s competitive market.

The problem for the UK is, perversely, the country’s strength as a world financial centre, Dorner explains. Major insurers have to work in London and major cities across the country as part of their geographic profile. As a result, international insurers with massive balance sheets will continue to compete here, absorbing losses. And, once again, too much supply lowers premiums.

“Commercial lines are still very competitive,” he says. “Large international insurance groups, such as AXA and AIG, continue to do business in the UK without necessarily being profitable because it is an important market.”

## Consolidation

Cash-rich brokers have responded by trying to strengthen their market position through acquisition. Dorner points to Aon, which bought reinsurer Benfield for £844m in 2008.

That acquisition sparked criticism that the big brokers had too great a concentration of power, although Aon’s 17.3% revenue growth for 2009 shows that buying Benfield was the right move for the company.

Dorner points out that the concentration of power is far greater than it was five years ago as the mergers continued in 2009.

High-profile deals included US-based broker Swett & Crawford’s merger with the City of London-headquartered Cooper Gay. Completed last July, the deal created a giant that places around $2.5bn (£1.6bn) in premiums from more than 60 offices worldwide. The full benefits of the merger have not yet filtered through to the Top 50, but the resulting 21.1% increase in brokerage revenue helped move Cooper Gay up two places to 12th.

Group chief executive Toby Esser is confident that merging in a weak market works – as long as debt can be raised in the current credit-constrained environment. “You want to buy when

things are at the bottom of the market, so you can move up [and the value of the acquisition or merger grows]," he argues. "Three or four years ago you could pretty much get what you wanted to borrow from the banks, but now you have to have a good relationship with them."

If banks are willing to lend, the current low interest rate keeps repayment costs down. Provided there is sufficient cashflow to cover the debt, there appears to be no cheaper time for an opportunistic broker to go on a shopping spree.

### Global context

The international dimension of major acquisitions can also be a boon when core markets such as the UK and western Europe are so weak. Esser points out that Australia, Brazil and Canada have been relatively unaffected by the downturn.

Decent economies that have suffered natural disasters can also provide opportunities for international brokers. The Chile earthquake that claimed more than 500 lives in February has led to a mini-boom in insurance, as construction companies taking part in the rebuilding programme look for cover. In turn, transport and shipping companies have upped their insurance cover as they receive more orders to carry materials to the devastated areas.

Another major consolidator is AXA-backed Bluefin. The 2,000-employee business bought Lakeland Insurance Brokers and Lakeland Insurance Advisers in 2009, and recently announced plans to buy at least six more businesses over the next three years.

But chief executive Stuart Reid is quick to point out that acquisitions are not an instant fix for cost savings. "Integration – streamlining what we do – takes time. But acquisition does give us the opportunity to look at the cost base to offset tough pressure on the top line," he says.

Reid believes there is still a chance that the situation will worsen for brokers, with larger corporates becoming as cost-sensitive over insurance as small and medium-sized businesses. In recent years, the larger and more sophisticated corporates have tended to prioritise good-quality services and advice over worries about the cost of insurance. But Reid thinks that if the economy goes into a double-dip recession, cost will be top of the agenda again.

"It has been a soft market, with rates reducing and clients downsizing their appetite for risk," Reid says. With corporates taking on less risky work, the need for insurance diminishes.

### Customer retention

One major obstacle to brokers sustaining growth without digging deep into their pockets has been customer retention rates.

Fortis managing director of UK retail Andy Watson says that in a bid to save any money they can, customers have been doing much more shopping around to find the best prices. Anecdotally, even people with old mobile phones worth no more than £20 have been looking hard for the cheapest deal to insure them.

As a result, brokers have had to extend from their typical areas of expertise into advising on extra types of insurance.

"There has been a lot of upselling and cross-selling," says Watson. "Core commissions on core policies have been really squeezed. The selling of ancillary products, such as car breakdown, legal protection, courtesy car and refuelling insurance, has become important."

Watson estimates that between 20% and 40% of his team's revenue now comes from these previously non-core areas.

A major acquisition for Fortis has been Kwik-Fit Insurance Services, a deal approved by the Financial Services Authority earlier this year. The £215m takeover added 600,000 customers to Fortis' UK base.

> **'Core commissions on core policies have been really squeezed. The selling of ancillary products has become important'**
> **ANDY WATSON, FORTIS**

Because Fortis is a huge multinational with a market value well in excess of €20bn (£16.4bn), it was able to buy Kwik-Fit out of its existing cash reserves. "Clearly, raising money on a loan basis would have been a challenge," says Watson. "We had sufficient parent company resources."

The Top 50 rankings show just how important Kwik-Fit will be to Fortis's balance sheet. Kwik-Fit is ranked as the 14th biggest broker – up one place from last year – commanding a brokerage revenue of £84.3m.

However, this year's highest new Top 50 entrant, A-Plan, has shown organic growth can deliver results too, even in the current economic climate.

Carl Shuker, chief executive of the Oxfordshire high-street broker, says that A-Plan, which serves 600,000 policyholders, has opened four shops since December and more are in the pipeline for the end of the year. That should increase its branch tally to 60 from 54 a year ago.

Shuker explains that although internet aggregators have been successful, customers want to talk through their requirements with a specialist, face to face. Although an aggregator can offer low prices, there are no follow-up questions to ensure the potential policyholder gets the right insurance.

"The classic example is a teacher," says Shuker. "If he or she gets car insurance with an aggregator, it might only cover them for personal use. We would ask them whether they would ever use the car for work purposes. Otherwise, if they have an accident when driving to work or to a teacher training course and they haven't got that use on the policy, the teacher would not be covered."

Now that people have grown used to buying services such as insurance online, argues Shuker, they are more aware of the limitations of the service. "We've shown good, steady growth," he says. "Our philosophy is brick on brick. We show a [human] point of contact – no call centres."

A-Plan is a new entrant to the Top 50. Its brokerage revenue increase of 7.9% – to nearly £45.4m in the year to February 2009 – has propelled it to 28th position.

### End of recession?

Several clear trends seem to be emerging. First, bigger brokers with strong balance sheets or large cash reserves have been pursuing acquisition opportunities – buying themselves out of any potential trouble and saving money by taking out any overlapping costs.

The smarter operators will also plan their purchasing strategy in terms of extending their geographic reach.

This is part of a bigger diversification agenda, as many brokers look at new policy lines in areas where margins are not squeezed.

Smaller brokers simply do not have the access to cheap finance needed to fund such deals. In tough times, even if a struggling broker can get a loan, the last thing it needs is its cashflow being sucked up by interest rates, however marginal. Five years down the line there could also be a massive refinancing cost, bearing in mind that the interest rate is likely to go up from its current 300-year low.

No one can be certain whether the economy will have picked up in five years' time. Brokers seem to have very different views on whether the past three years have been just one long dip or whether it is a position that will last much further into the future.

Next year's Top 50 will be a moment of truth: an increase on this year's dozen financial strugglers will prove the gloomier brokers right. **IT**

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**DATA:** *Top 50 Brokers – fully interactive data of the top 50 brokers in the UK*

# High points of a low year

While many brokers still bear the scars of the recession, there are some positives to draw from the year. IMAS's Olly Laughton-Scott looks behind the winners and losers from the league table

OUR OBSERVATION last year that a more stable exchange rate would have big benefits for the London market has shown through in this year's table. While it is not the only factor that has allowed the London market brokers to achieve excellent growth results, it has certainly not hindered them either.

During 2009 and the first half of 2010, there's been a return to business that's more or less normal. Stock markets have recovered – albeit tentatively and nervously at times – and there are varying opinions on whether or not we are out of recession, but there is a general consensus that the worst is over.

Interest rates have remained low throughout the period under review, which has had a notable impact on profits, although our focus has been on EBITDA excluding interest.

London market brokers have enjoyed a second excellent year of growth, though much of this has been down to acquisition. Nevertheless, there have been some excellent individual performances where the structure of the business has allowed the drive for growth to flow through to the bottom line. While London brokers achieve high levels of growth and income per employee, the employees are expensive and in most cases income growth seems to be more for the benefit of employees than driving up shareholder value.

Recession and recovery have had a varied impact on the Top 50 brokers. UK regional commercial lines brokers have suffered most. As their clients have struggled in the recession and insurance rates remained soft, they have had to invest much of their time and resources into preventing incomes from sliding backwards. Plenty have failed in this task and many others just marked time. Achieving growth has called for something extra from commercial brokers over the past 12 months.

### Merger restraint

The subdued merger and acquisition climate of 2009 has continued into this year as a result of the tighter financial markets. So far 2010 has seen some recovery in transaction activity. Some of this has been opportunistic – Marsh's acquisition of HSBC Insurance Brokers and Fortis' of Kwik-Fit. Other moves have been more strategic, such as Cooper Gay's purchase of Swett & Crawford.

The personal lines sector has weathered the tough times well and the slow rise in motor rates this year will continue to help.

Seven of the top 10 positions for best EBITDA margins have been taken up by personal lines brokers, which – given the modest income growth during the period – must indicate good cost

## The personal lines sector has weathered the tough times well and the slow rise in motor rates this year will continue to help

control by the managers of these companies.

While technology and its potential to open up niche areas continues to develop, it is still slow to break out of the mass personal lines market. The commercial lines sector has remained resistant – though it is not clear whether this is because the approach has not been right or that there is genuine customer resistance to the concept. There are examples of progress but, more often than not, there is a lot of talk and little action.

Logic suggests the application of technology is the only way for both the customer and the insurance market to conduct genuine small ticket commercial business economically – though clearly logic can be defied. Perhaps the demise of Coverzones, the specialist commercial lines SME aggregator site, has highlighted the risks involved.

### TOP PERFORMERS

| | First | Second | Third |
|---|---|---|---|
| 2010 | RK Harrison | Abbey Protection | Cooper Gay |
| 2009 | Kwik-Fit | Windsor | JLT |
| 2008 | Aon | Swinton | Windsor |
| 2007 | BGL | RK Harrison | Towergate |
| 2006 | Jelf | Towergate* | AA* |

* Equal second

### 2010 WINNERS

**RK Harrison**
On the podium twice in the past five years, this year it has achieved good growth, respectable margins and good margin per employee. Such consistent performance over the years and real achievement this year make it a winner.

**Abbey Protection**
Growth of almost 19%, the best EBITDA margin in the Top 50 and a top-three EBITDA per employee make this an excellent all round performance from this company. The parent company is quoted and has seen it share price move from 58p at the start of 2009 to more than 80p, an increase of 40% when the FTSE 100 index increased by only 18% over the equivalent period.

**Cooper Gay**
While slightly behind other London brokers in terms of growth, Cooper Gay achieved 21% and, more important, maintained a 19% EBITDA margin – just outside the top 10 performances.

### BEST OF THE REST

**Berry Palmer & Lyle (BPL)**
The company is a new entry into the top 50 this year on the back of significant growth in income and profits in a specialist sector, international political risk and trade credit insurance. High rankings in a number of charts suggest it fits all of our criteria as a winner – but is this performance sustainable?

**A-Plan**
A company long destined for the Top 50, A-Plan has until now kept its performance under wraps. The 2009 accounts show this is a growing business with a good margin, which generated significant shareholder value for its originators when ownership changed and is expected to continue doing so for current principal owner Barclays Private Equity. It is notable for being the second highest-margin broker operating on the high street – a reflection of considerable management expertise in cost control.

**Windsor**
On the podium the past two years, Windsor just missed out this time. A consistent performer in the margin and employee stakes, it stumbled at the growth hurdle.

**Adrian Flux**
This personal lines broker has kept many of its talents hidden but achieved 35% growth in a sector that overall only achieved 7.4%. If we had seen evidence that this excellent performance had been achieved with good profitability, it could have reached the podium.

**Henderson**
A newcomer from the north, this broker has achieved 22.5% growth on the back of acquisition and organic development. With an increasing footprint and strong management, we believe this growth will flow though to the bottom line and make it a podium contender in years to come.

**Howden (Hyperion Insurance Group)**
Consistently knocking on the Top 50 door, in 2009/10 Hyperion's broking arm has delivered excellent growth of just under 34% and most of this has flowed through to the EBITDA. However, overall margin is still below a podium finish rate, at 13.3%.

**Arthur J Gallagher**
As expected from a London broker, Gallagher displayed good growth and high productivity by staff – it came second in the top income per employee league. The company is let down somewhat by its EBITDA margin of 12.3%, but this is a material improvement on last year.

**Cobra**
AIM-listed and growing, this broker and network provider achieved spectacular annualised growth of 57%. But because this has yet to flow though to the profit line in terms of margin, it has not made it onto the podium this year. IT

**Olly Laughton-Scott is managing partner of IMAS**

### WINNERS AND LOSERS

**KEY CRITERIA**
- We have kept our key criteria as consistent as possible with previous years but need to recognise the new entrants.

**GROWTH**
- This is a critical factor. Yet because the ranking reflects overall increases in shareholder value, we focus on organic and sustainable acquisition-led growth.

**MARGIN**
- Sustainable margin is key – recovery to acceptable profit following a poor year, while commendable, is unlikely to win an award.

**PEER PERFORMANCE**
- Where a sector has turned in excellent results – London international brokers this year, for instance – we have to look at the impact of a potential cycle and discount this influence, as is regularly the case in the stock markets. What counts is individual excellent performance against peers.

**PAST SUCCESS**
- We are unlikely to pick the same company as a winner two years in a row. What we are looking for is the company that has significantly added to shareholder value in the current year.

# Number crunching

Although several predictions from last year's Top 50 were realised, the market is still surrounded by uncertainty. IMAS's James Simpson weighs up the implications of this year's performance rankings

FOR THE SECOND year running we have seen consolidation in the market alongside high-ranking new entrants. Acquisitions have led the way on consolidation, the most high profile of which has been Marsh acquiring HSBC. The entry point for the Top 50 has also risen this year, finally breaching the £15m mark.

## Aggregate income

Consolidation has meant the aggregate income of the Top 50 has continued to climb (see table 1). For five years, between 2003 and 2007, the aggregate income was stuck around the £4.5bn mark. This year it has increased 12% to £6.1bn. Growth has principally come from the London and international brokers through a mixture of acquisition and organic development. Whether this will continue is not certain but if insurance rates start to improve we are sure it will.

We're always interested in what sits within the data and have in the past looked at the individual steps in the consolidation. This year we have focused on a different hidden fact: that of the unconsolidated insurer-owned businesses, primarily of Fortis and Groupama.

Fortis now controls or owns £189m of brokerage income through RIAS, Fortis Insurance Solutions and

**Table 1: Top 50 aggregate income**

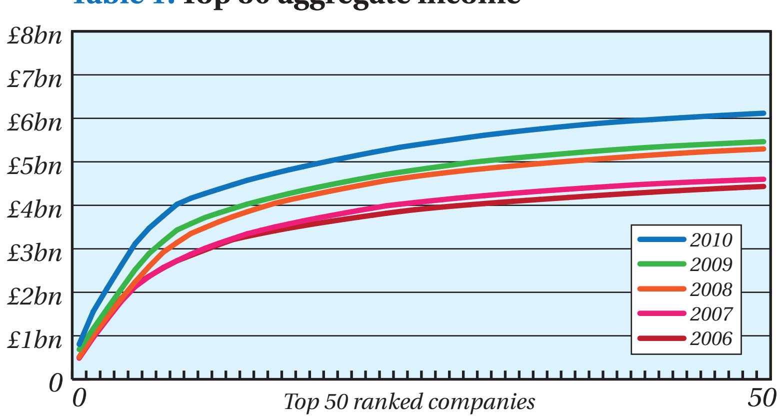
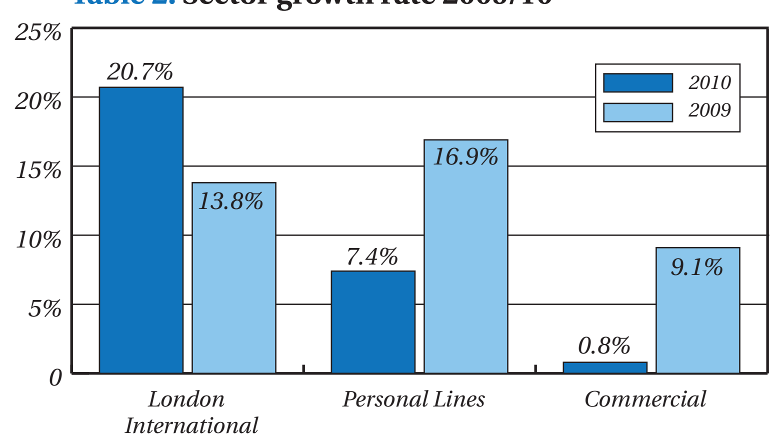



**Table 2: Sector growth rate 2009/10**



the newly acquired Kwik-Fit. Groupama controls a sizeable brokerage empire through Carole Nash, the Lark Group, Bollington and the CQ Group, giving it about £68m of brokerage income.

With AXA, MMA and Zurich also owning, respectively, Bluefin, Swinton and Endsleigh, there are now five major insurer-owned broking groups in the upper half of the top 50 – or six if you classify Saga as an insurer.

Putting these hidden groups together would further consolidate the Top 50: Fortis would be number nine ahead of Bluefin, while Groupama would be 20th, allowing another four firms to gain or regain Top 50 status.

### Newcomers

Making forecasts can be hazardous, but our prediction last year that outsiders would make an appearance was correct.

We would like to welcome A-Plan into the Top 50. With a change of ownership, it is now filing full accounts and, in 28th position, is the highest new joiner. Other newcomers are Price Forbes at 33rd, following its buyout from Marsh, Henderson Insurance Brokers at 44th and Berry Palmer & Lyle (BPL) at 49th.

The significant slowdown in UK regional merger and acquisition activity in 2009 and the first half of 2010, together with the raising of hurdles for available finance, has meant that other potential newcomers have found it hard to maintain their momentum.

The heady values of 2007 are well and truly in the past, and it takes time for businesses owners to recognise that the value map has changed. We expect the latter part of 2010 and 2011 to bring a revival in transactions, albeit at more manageable values and modest volumes.

Good values can still be realised for businesses with strategic value, as IMAS has proved with the sale of Fish Administration and Crowe Livestock.

Three companies – Oamps, Broker Direct and Kerry London – have been squeezed out of the Top 50 by the newcomers, despite consolidation. First City Partnership has also disappeared following its acquisition by Arthur J Gallagher in March.

### Growth

Looking at aggregate growth by sector (see table 2) highlights that 2009 and 2010 have been the years of the London international broker – with growth up from 13.8% last year to 20.7% this year, driven by both acquisition and organic development.

As Olly Laughton-Scott notes in his article (page 14), more stable exchange rates have assisted these brokers in managing their business. But it has been the economic turmoil that has created plenty of opportunities for London international brokers to push their expertise and services. Most have taken full advantage of this.

UK commercial brokers as a group have suffered in the economic downturn which, along with weak insurance rates, pushed their growth rate down to 0.8% from 9.1% last year.

**The heady values of 2007 are well and truly in the past, and it takes time for business owners to recognise that the value map has changed**

The fact that only one of the fastest growing companies this year is a personal lines broker, compared with three last year, demonstrates that sector's growth has also slowed markedly, down to 7.4% from 16.9% last year.

### Individual growth chart

In a tough economic climate and with weak UK insurance rates, achieving good growth has been a commendable achievement. The fastest-growing companies this year (see table 3) are a mixture of those driven by acquisition and those that have achieved organic growth.

Marsh leads the field with its acquisition of HSBC, followed by Cobra, which has grown its network and underwriting business following its AIM flotation. Third is specialist international Lloyd's broker BPL, which has achieved almost 48% growth by providing risk transfer solutions for clients with credit risks and foreign direct investments in emerging markets. Clearly, economic upheaval is good for some businesses.

Adrian Flux, Group Direct and Hyperion have all achieved 30%-plus increases, with RK Harrison close behind. All of them have been in or around the best growth rate table for the past few years.

### EBITDA margin

We have focused on EBITDA (see table 4) as it provides a closer measurement of the trading performance of a business without any distortion due to acquisition strategy or funding.

A good number of companies have margins in the high 20s and low to mid 30s but top of the pile is Abbey Protection with Towergate in second place, slightly down on last year but still at 39%.

Newcomer A-Plan is third, confirming expectations that the business was a high-quality, high-margin company. It is an even more remarkable achievement considering A-Plan is a high-street personal lines business. The personal lines brokers that follow it in the margin table, RIAS and Fortis, are both centralised businesses.

Eight out of the top 15 brokers by margin are personal lines brokers, so despite the tough competition of a market characterised by price comparison websites, there is good money being made in the sector.

### Employees

Employees form the engine room of the industry. Measuring their cost and income generation is like giving your car an MOT that takes into account both its road worthiness and its emission levels.

As in the past, the highest income per employee (see table 5) – an operation's "road worthiness" – is achieved by London international brokers. But this is a slightly skewed view as many of the Top 50 brokers do not have or have not provided enough detail to allow us to analyse the whole table.

One company is clearly out in front this year – BPL, with almost £350,000 per employee. The next closest is Gallagher with £195,000 per employee. Gallagher has achieved the best improvement in income per employee, up 50% on last year, beating BPL's 38.2% rise.

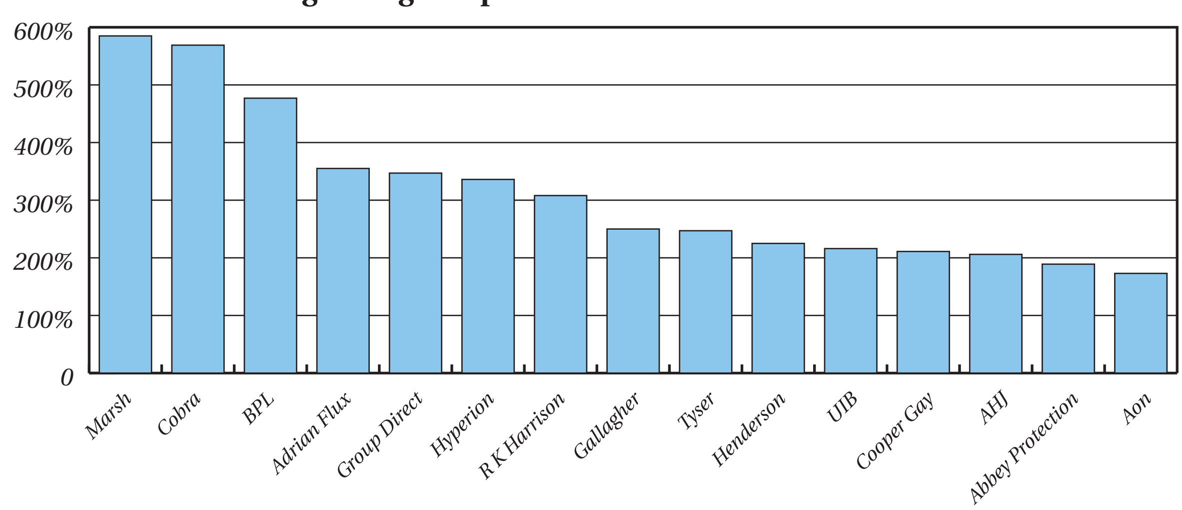
The 'emission level' test is whether the business is profitable at employee level. When using EBITDA to evaluate this test, we see that the top 10 list is much more varied by business type than the income list. London international brokers only occupy three of the top 10 places, yet one of them is way out in front again – BPL.

But it is the personal lines sector that occupies the highest number of positions, with five out of the top 10 places headed by Abbey Protection and followed by Budget Group, RIAS, Fortis and Carole Nash.

A-Plan does not feature in either table – but that's not surprising given its good ranking by margin. Its average cost per employee is among the lowest – hence the good margin but relatively high numbers of staff.

Honourable mention should also go to Towergate and CCV, both of which feature in the top 10 by EBITDA per employee (see table 6) – achieving £36,600 and £36,000 per

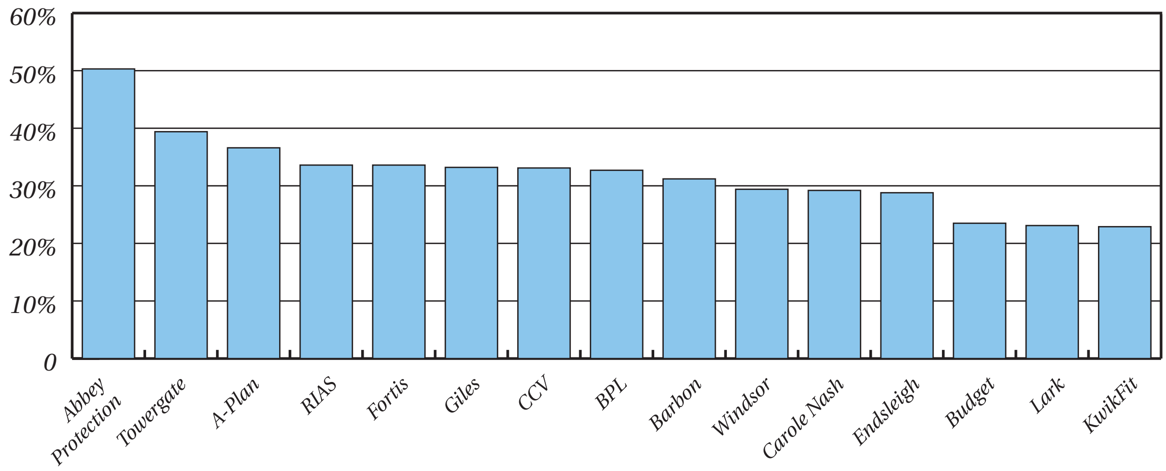
**Table 3:** Fastest growing companies



employee respectively. Clearly, these business models are still generating the cash – though with its debt mountain, Towergate needs to: it has £144,900 of non-current borrowings per employee.

There's a wide range of cost per employee across the top 50 – across those that provided sufficient data – from £22,000 per employee at the low end of the personal lines brokers up to £188,000 at the high-end London brokers.

**Table 4:** Top EBITDA margins in 2010




## Outlook

We still believe there will be a continuing evolution of the UK broker space, which will incorporate further consolidation and merger and acquisition. Last year, we thought a regional consolidator would be acquired. In the event, it was Jelf that came closest, with a significant new investor coming on board in the first quarter of 2010.

So what's in store for 2011? There is still a third of 2010 and the first quarter of 2011 to go, and plenty of opportunity for a big acquisition. Will another insurer make a move into distribution following Fortis, Groupama and AXA?

The next question is: where will the new entrants come from? The use of technology and its impact on the broking space has been widely discussed, but the analysis above shows that where it has gained the most perceived penetration – in personal lines – brokers are still growing and generating good profits. So can the same happen with UK regional commercial brokers? Will technology gain a foothold and really take off and still provide the brokers who get it right with continued growth prospects?

With debt finance in relatively short supply, making a material move through acquisition from outside the Top 50 into the table is less likely to happen. However, someone could secure a special line of credit that allowed them to make a significant number of acquisitions while competing with other active acquirers, such as CCV.

Overall, the future is surprisingly uncertain. Various factors are pulling in several different directions and this affects each sector differently.

UK commercial brokers are highly aligned to the economy and will therefore be eagerly anticipating the economic recovery. London international brokers will be hoping that world trade picks up, the dollar exchange rate remains stable and insurance rates improve. And personal lines brokers will be looking at rising rates on the back of claims and rising reported fraud cases.

The impact of all these elements is uncertain and much depends on how a business plans for them and then responds when the actual performance doesn't match up to budget. **IT**

**Table 5:** Highest income per employee

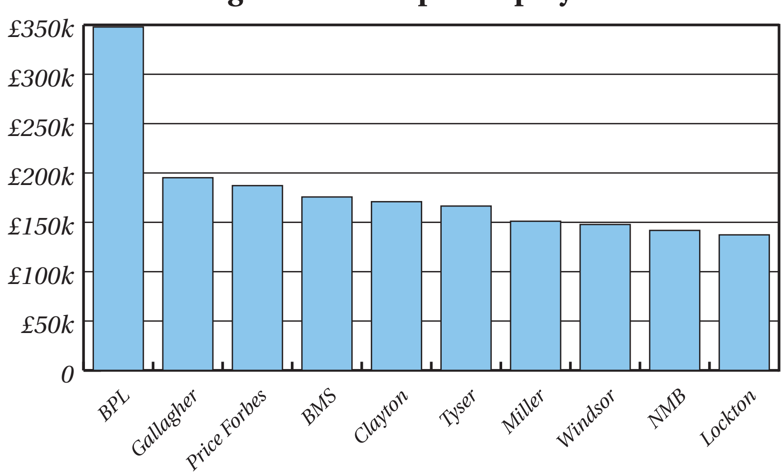
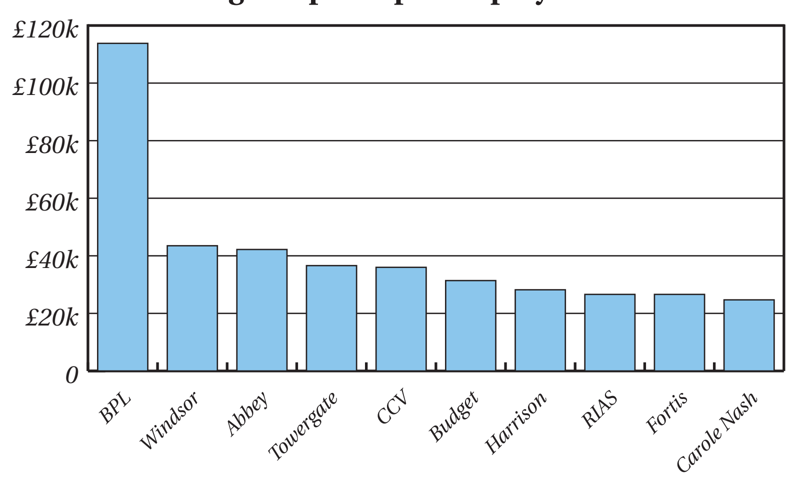



**Table 6:** Highest profit per employee



# TOP 50 BROKERS

Over the past year the broking community has faced some steep challenges – it's been a time for nimble decision-making and surefootedness from top managers. Here, we meet the Top 50 leaders who really know the ropes

*Brown 'I've never failed on a single thing in my life'*

# No.1
## Aon

***www.aon.com***

**Chief executive: Rob Brown**

"Bigger, fatter and potentially louder". That was how Rob Brown compared himself to predecessor Peter Harmer after the Australian abruptly returned home, leaving Brown to take over Aon in July 2009. He wasn't fazed by the fact that he was a relative unknown in the sector. "I've never failed on a single thing in my life," he told *Insurance Times*.

That's just as well. Brown was promoted to chief executive after a torrid year for Aon. There was that record-breaking £5.25m FSA fine for failings in its anti-corruption and bribery measures; a controversial overhaul of its pension scheme; and the continuing integration of reinsurance broker Benfield.

With eight years at Aon behind him, Brown was well placed to lead. He was head of risk transfer for Aon Global – responsible for programme design and placement for large UK corporate and multinational clients – and still retains his former job as chief executive of Aon Corporate & Affinity, overseeing its retail broking activities.

Although Brown said Aon's core strategy would remain largely unchanged, he killed off Harmer's plans for a roots-up organisational restructure in favour of a top-down cultural shift. He also indicated he might accelerate growth and push integration at the highest level. In November, he appointed Prudential's Simon Allen chief operating officer, replacing David Mead.

The likeable 44-year-old is well travelled. Born in New Zealand, he was raised in Hong Kong and South Africa and worked in Switzerland and Asia for Winterthur before joining Aon in 2001. His career has included 17 years as an underwriter. Though not as polished as Harmer – Brown has a slightly bumbling manner – he hopes his enthusiasm will win support for his strategy from Aon staff.

In the news: Back in February, Aon president and chief executive Greg Case set a long-term pre-tax profit target of 25% for its broking businesses, following a 20% profit in 2009. But its first quarter results in May revealed that while total revenue was up by 3% and commissioning fee income up 4%, operating income was down 25% and net income 35%.

Aon replaced AIG on the chests of Manchester United in June, after a four-year deal said to be worth £80m. Case said it was "hard to imagine a better fit". And in July, Aon's Chicago HQ caused a stir by saying it would accept contingent commissions, drawing fire from the US's Risk and Insurance Management Society and rival Willis.

Insurers' view: Insurers find Aon demanding, but most grudgingly admit it is fair overall. It has a strong leadership team, but the least clear strategy of the competitive big three.

**FIND OUT MORE ONLINE**
Go to **insurancetimes.co.uk** and search for:
*Rob Brown* [13/08/09]

*South* ***'Business as usual for Marsh at the moment means growth'***

# No.2
## Marsh

*www.marsh.co.uk*
**Chief executive (UK operations): Martin South**
Having greatly improved his company's fortunes while spearheading an aggressive acquisition strategy, Martin South should inspire respect and fear in equal measure in the UK broking market.

He hardly needed to say Marsh was in growth mode in April; it's been clear for some time. Marsh & McLennan Companies (MMC) made six acquisitions in the risk and insurance services sector in 2009, has already announced three deals this year and completed a buy-out of HSBC Insurance Brokers for £135m. South also says there is no sign of the growth slowing: "Business as usual for Marsh at the moment means growth..

The HSBC buy has paid off. As the deal went through in April, it reported a rise in pre-tax profits in 2009 of 20%, from £14.5m to £17.5m, and revenue up 7% from £146.3m to £156.4m, including a 65% increase in revenues from Middle East business. South decided to rename the business Marsh Brokers Limited (MBL), but its global brand and a partnership deal with HSBC bank is proving a great platform for global growth.

South is well used to business travel. From 2004 to 2006 he led international businesses at Zurich and was a member of the group management board, responsible for operations outside North America and Europe, particularly in China. He started working for MMC in 1985, joining UK broking unit CT Bowring, but left in 1996 as senior vice-president in its wholesale broking unit to join Zurich Re, becoming chief executive of Zurich's London operations in 2000.

There's a fair bit of organic growth at Marsh too, and it's no less aggressive. In June, a dedicated practice was launched to provide risk advice for insolvency practitioners, which will be led by Willis veteran Simon Dodd.

In the news: In July, Marsh snatched one of the largest accounts in the construction market from under JLT's nose for £4bn giant Laing O'Rourke – signalling aggressive growth in the specialist EMEA construction business it set up in February.

There have been interesting manoeuvres as Marsh integrates its broker networks. Former Broker Network boss Martyn Denney takes up a newly created role overseeing a multibillion-pound wholesale broking arm. This will combine the SME-focused Marsh ProBroker network and the intermediary marketing division of HSBC Insurance Brokers, which had accounts with about 2,000 independent brokers.

Insurers' view: Marsh has a strong top team and has proved itself knowledgeable about the market. But it's playing catch-up to Willis's networks strategy – ProBroker has ground to make up.

**FIND OUT MORE ONLINE**
Go to **insurancetimes.co.uk** and search for:
*Regulator gives Marsh/HSBC deal green light* [25/03/10]

***McManus** 'I want to make sure we keep giving something back, promoting the industry'*

# No.3
## Willis

*www.willis.com*

**UK chief executive: Brendan McManus**

Brendan McManus has displayed the zeal of the convert since he leapt the fence from insurer RSA to Willis in August 2007. Broking is more exciting, he told *Insurance Times* in March, with instant results and closer relationships with clients.

As RSA's main man to the broking community, McManus charmed intermediaries with jokes and a cheeky smile. He's taken a considerably lower profile since the move to Willis, but has robustly dismissed any threat from the competition and endorsed boss Joe Plumeri's refusal to accept contingent commissions.

McManus sees Willis continuing to grow, with the focus on organic growth rather than the ravenous acquisition of rivals. He has taken the Willis Network global and expects the numbers of regional and community brokers in its Commercial Network and N2 clubs to grow significantly. While the likes of Marsh were gobbling up smaller brokers, Willis remained focused on clients, McManus said. Indeed, it was the only broker that grew in the first quarter without relying on acquisitions, say analysts.

He can afford to be cocky. Willis had a good year worldwide in 2009, reporting a net income of $436m (£280m), up from $302m in 2008, revenues rising from $2.8bn to $3.3bn. Regardless of the tough market, McManus has remained confident he can keep up the pace. Sluggish results for the first quarter of 2010 undermined that somewhat, with fees and commissions declining 3% in the UK and Ireland, but its second-quarter results were better, showing a rise in fee income from $772m last year to $789m.

McManus has a solid career to back up his confidence. He spent more than 20 years at RSA in operational roles and in 2003 was appointed managing director of its broker business. He's also on Biba's board and says he wants to "make sure we keep giving something back, promoting the industry and broking in particular".

**In the news:** RSA's Dubai-based regional manager Scott Pickering became Willis's chief executive for Russia, eastern Europe, the Middle East and South Africa in May. Continuing the global theme, Willis announced in June it would open an office in mineral-rich Kazakhstan – its third in the former Soviet Union.

Willis has been stepping up its campaign against contingent commissions. Plumeri spoke out at Biba 2010 and a press release was issued damning Aon's decision to accept them.

**Insurers' view:** Hard as nails in negotiations, the Willis leaders know exactly what they want. It has the clearest strategy of the top three and has been consistent on how the company will grow and where it will go with its managing general agency.

**FIND OUT MORE ONLINE**
Go to **insurancetimes.co.uk** and search for: *Brendan McManus* [04/03/10]

# No.4
## JLT Group

***www.jltgroup.com***
**Group chief executive: Dominic Burke**

Dominic Burke has been a man on a mission for years, setting his sights on the top job at JLT long before anyone in the company had heard of him. He first set himself up by buying back his father's former business, Burke Ford, at the age of 23, before selling it to JLT in 2000 – he never discussed a sale with anyone else.

But his JLT appointment in December 2005 was by no means inevitable. He admits he pitched hard to convince the top team he was the man for the job, seeing off internal rival and market favourite Mike Hammond despite Burke's limited international and wholesale experience.

Since then, the formidable Burke has turned his attentions to turning round the ailing JLT. The surprises didn't stop with his appointment. He quickly shelved plans to develop a retail offering in North America, restructuring instead to focus on insurance broking and employee benefits in the London market. He also streamlined the business and brought several operations together to create JLT Re, a reinsurance broker that aims to rival the top three.

There may be further surprises ahead if Burke gets what he wants: a reshuffle in the pecking order of the top brokers. And given previous form, Aon, Marsh and Willis should watch their backs. Burke can boast record year-on-year growth. In 2009 revenue was up 14% to £612.9m, including 5% organic growth, trading profits rose 28% to £97.1m and pre-tax profits went up 10% to £102m. He has already completed 20 acquisitions and expects the pace to continue. He also wants to expand managing general agency Thistle to a £100m gross written premium business by 2011.

But there's more to Burke than ruthless ambition and his renowned prudence. His staccato speech belies a mischievous sense of humour and he finds time to breed racehorses – a line he hopes will one day be self-funding. He also has a brother in the industry – Crawford chief executive Benedict Burke – though he claims they have never been business rivals.

In the news: Shares soared in May following unconfirmed rumours that Aon was planning to snap up a 30.2% stake in the company.

JLT expanded its global network in Europe in July, linking with three top independent brokers and taking a 20% shareholding in Polish firm Greco Group for [illegible]7.6m.

It also reached an out-of-court settlement with Aon last month, paying it a hefty sum following high-profile defections from Aon's aviation team to fuel JLT's expansion in the sector and its poaching of Aon deputy chairman Jonathan Palmer-Brown last year.

Announcing JL T's results earlier this year, Burke said its business transformation project would cut annual costs by around £40m in 2011.

Insurers' view: One to watch. Dark horse JLT is always popping up in unexpected places. There's a lot going on behind the scenes here – and it's not only the smart management team that enables it to compete in the big league but some very clever board appointments.

*Burke Set on working his way up the pecking order of the top four brokers*

# No.5
## Saga/Automobile Association

***www.theaa.com***
**Chief executive: Andrew Goodsell**

*Goodsell A 'born businessman' who knows how to spot a good opportunity*

The Saga/AA story reads like a parable for our times. The two companies merged in 2007 in a £6.2bn deal led by three private equity houses – Permira, CVC and Charterhouse – accompanied by a refinancing deal that piled £4.8bn of debt onto the combined balance sheet.

Permira and CVC's cost-stripping measures at the AA since 2004 had already fired a national debate on the evils of private equity, after they axed 3,500 jobs and cut the number of patrols.

Fast forward to February this year and the planned flotation of Acromas Holdings, as the merged group is known, was off – another company to fall foul of a new concern among institutions about businesses with huge private equity-raised debt.

Presiding over all this is Andrew Goodsell, former chief executive of Saga. He led a Charterhouse-backed management buyout to liberate Saga from its founders, the de Haan family, and increased its turnover by 80% since 2004. From his 8% stake in the company, he took home £108m after the merger, enough to make him one of the richest men in Kent but peanuts compared with the windfalls the private equity firms made.

A youthful but hardworking 51, Goodsell is only just old enough to buy Saga's products. He describes himself as a "born businessmen" – the son of a fine-art dealer who learned early on how to spot a good opportunity. He ditched his place to study chemistry and philosophy at university in London and started working in the City instead, as a trainee underwriter with Norwich Winterthur. Ten years on, he set up his own Lloyd's box, but got out at the right time. He joined Saga in 1992 as a business development manager.

He spotted the merger of Saga and the AA as a good opportunity to cross-sell products to the AA membership – something at which Saga excelled. And despite the misgivings of the market about this model, it appears to have worked. In the company's results for 2009/10, turnover increased by 2.3% to £1.65bn and operating profit rose 6.6% to £529m.

In the news: Last September, the company set up its own credit hire company, ClaimFast, to cut its estimated £5m annual costs, creating 100 new jobs. In April, 7,000 AA patrol workers, unhappy with plans to cap their pensions, voted to strike – the first in the company's 105-year history. It was called off as talks with management resumed.

Insurers' view: The UK's longest standing panel broker is something of an oddity in this list. It's a fantastic brand but with seismic changes in the personal lines market, it has a lot of work to do to make it pay for themselves and insurers.

# No.6
# Towergate

*www.towergateinsurance.co.uk*
**Chief executive: Andy Homer**

Andy Homer is the closest thing insurance has to a celebrity (if you don't count Aleksandr the Meerkat). Love him or loathe him, everyone wants to know what this larger-than-life character is up to. He's half of the most dynamic duo in the sector. Together with Towergate chairman Peter Cullum, his long-time friend and business partner, he has blasted an acquisition trail and taken no prisoners in his negotiations.

His arrogant, entrepreneurial reputation is somewhat at odds with his hippie past, and Homer can often surprise people with his agreeableness and candour. This former chief executive of AXA looks younger than his 57 years, which is perhaps fortunate as the recession has dashed his hopes of retiring early. It's also put the brakes on landmark acquisitions. Instead, the focus is on cost-cutting and keeping the business profitable amid widespread speculation that the model is no longer sustainable.

Last year he announced up to 10% of the workforce could be laid off in the next two years. Along with Peter Cullum, he invested £10m of his own money in the renegotiation of Towergate banking covenants across more than 20 banks.

No one doubts Towergate leaders' skill to manage the business through tough times. What could be more problematic is its debt of £646m, with interest payments in 2009 of £52m. The leadership appears sanguine, claiming earnings can easily service the debt and that EBITDA is a fairer reflection of the business – it rose from £112.4m in 2008 to £117.7m last year, compared with the consolidated profit and loss account, which showed losses increasing to £28m. Furthermore, Towergate has a key supporter behind the business, Lloyd's banking group.

***Homer** Former hippie on a mission to defend his business model*

For now, plans to raise £665m from investors on the corporate bond market are on hold. In March, Moody's downgraded Towergate's outlook from stable to negative, reflecting the difficulties it should anticipate in releveraging. Homer and Cullum are knuckling down for the planned flotation in 2012, which presents the team with difficult questions about Towergate's high-commission, high-volume business model.

It will be watched closely. While some in the industry might like to see Towergate fail, no one can afford that kind of a knock to investor confidence in the insurance sector.

**In the news:** In June, Towergate had a big push in Scotland, bringing together five general insurance and financial services businesses into one 100-strong office in Glasgow. Regional managing director Alan McEwan revealed it had its eye on several local acquisitions.

Managing general agency Towergate Underwriting told *Insurance Times* in July it would be focusing on consolidating its regional footprint following the opening of a new office in Newcastle in March. Plans to be the first MGA with a Lloyds box have been shelved – for now.

**Insurers' view:** Towergate is a master of turning a changing market to its advantage – online venture PowerPlace is particularly admired. If insurers are prepared to stand their ground, they can secure mutually advantageous deals.

# No.7 Swinton

*www.swinton.co.uk*
**Chief executive: Peter Halpin**

A giant in personal lines, Swinton is almost alone on the high street. Peter Halpin is determined to make it a major player in commercial lines, too, and to take a healthy proportion of its business online – though he insists there is still a place in the market for the old-fashioned shop window.

Last year, he told *Insurance Times* that 35% of new personal lines business now finds its way online, along with 13% of commercial lines enquiries. Yet the broker is still seeing growth in its offline new business of between 5% and 10%.

Halpin acknowledged he had some big boots to fill in March 2009, when he took over from Patrick Smith – a popular leader who'd presided over eight years of profitable growth and has stayed on as the company's chairman. Halpin trained as a chartered accountant at KPMG before joining Swinton in 1990 at the age of 27. He held several board positions, including finance director, operations director and franchise director, before being named deputy chief executive in 2005. Halpin says that Swinton, owned by French insurer MMA since 2001, is on target to become a top 10 commercial lines broker by 2012. It aims to increase its commercial business to £150m, about 10% of its total premium. But while the company has grown rapidly by acquisition in recent years, to boast a network of more than 600 branches, Halpin says it will develop through a combination of organic growth supplemented by purchases of smaller businesses with premium incomes between £2m and £5m.

***Halpin** Man of the people with faith in the old-fashioned shop window*

Its £50m acquisition of Equity at the end of 2008 enabled Swinton to re-enter Northern Ireland and open up expansion prospects south of the border. This "evolution not revolution" strategy is partly informed by the prolonged integration of the Equity network, and partly because there are few large companies left to buy.

Halpin is seen as a man of the people, as at ease with his high-street staff as in the boardroom of his Manchester head office. He is sports-mad and relaxes by sailing, skiing and watching his home team, Preston North End, play football.

In the news: It's been a lean year for Swinton's 3,000 staff. In December, the broker said pay would be frozen in 2010. But they will be reassured by its announcement last month that while it wouldn't be expanding its branch network, neither was it planning to shrink it.

In February, meanwhile, Swinton bought parts of the personal lines business of Manchester-based neighbour CBR Group.

Insurers' view: Swinton's competent leaders have made good progress in the commercial lines market, though they've had to a learn a lot. It's been a harder transition than they perhaps expected. Although it is still a success on the high street, it will have to go all out to make personal lines keep paying for insurers.

***Winslow** Former book publisher who put meerkats in the spotlight*

# No.8 BGL Group

*www.bglgroup.co.uk*
**Group chief executive: Peter Winslow**

BGL may not be a name many householders will recognise, but they will have heard of the many personal lines broking brands under its umbrella – Budget, ibuyeco, Compare The Market. The latter's profits, thanks in part to those meerkat TV adverts, soared from £11m to £54m in 2009.

Overseeing it all is Peter Winslow, who claims BGL has bucked the downward trend in personal lines broking by being different. Winslow himself is not your average broker chief. Trained as a chartered accountant, he went into book publishing and built up a niche business before selling to HarperCollins and rising up the ranks there to be chief executive from 1990 to 1994.

He left after a disagreement with the chairman. Then, as he tells it, he bumped into some South Africans with a growing insurance business in the UK, who wanted someone to run it. Winslow joined BGL as deputy managing director and became group chief executive in 1997.

He retains the old-fashioned manners of the book publishing world – articulate and well educated, he has a somewhat military bearing. Since he's been at the helm of BGL, he has led it from underwriting to broking and completed high-profile acquisitions to lead the group into the affinity and price comparison markets.

The model of the business is complex. Divided into six operating units, it encompasses a range of brands – Compare The Market, thriving affinity business Junction, call centre operation Fusion, broking business Frontline, motorcycle specialist Bennetts and claims business ACM.

Winslow takes a candid approach to controversies over claims farming in the sector. He says ACM does take referral fees but doesn't get involved in conditional fee arrangements or the after-the-event market that was slammed in the Jackson review of personal injury claims. Last summer he wrote to the chiefs of all BGL insurers explaining exactly where they made their money.

Winslow claims he's not considering any more acquisitions, focusing on organic growth instead. But his company remains one to watch – you can never be sure what it will do next.

In the news: In January, Winslow suggested BGL might break into life insurance following the FSA's Retail Distribution Review, which threatened to put many independent financial advisers out of business and leave a gap in the market.

Otherwise, it's been a period of quiet growth and stability. Winslow doesn't see why there would be consolidation in the aggregator market – unless Google gets in on the act.

Insurers' view: The best in the market at cross-selling, this is a true entrepreneurial business with some smart niche offerings. Its reliance on claims could land it in trouble, however, if the market changes.

**FIND OUT MORE ONLINE**
Go to **insurancetimes.co.uk** and search for:
*Peter Winslow* [2/01/10]

*Reid* ***Taking an independent line under the security of its French parent***

# No.9
## Bluefin

*www.bluefingroup.co.uk*
**Chief executive: Stuart Reid**

Stuart Reid didn't have the easiest start when he was named chief executive of what was then Venture Preference in January 2008.

His selection over formidable rivals Chris Blackham and Paul Meehan coincided with much muttering that the AXA-owned distribution business would become nothing more than a tied agent. The swift reappointment of Meehan in a broker-facing role at AXA didn't help either.

Reid has proved himself well up to the task and, after more than two years in the job, has silenced many of his critics. Outspoken and fiercely entrepreneurial, he has given Bluefin an independent approach. He has proved he can not only rival the most acquisitive in the market, but knit all his purchases into a viable business too.

Reid is well known and popular in the market – gregarious, charming and a master-networker, though he struggled to hide his frustration when the personalities in the business commanded more attention than his plans for it.

Reid's 25-year career in insurance began when he joined his father's brokerage in 1983, moving to Bishop Skinner Marine three years later. In 1993, he co-founded Stuart Alexander, which he sold to AXA in 2007. Along with Smart & Cook, Layton Blackham, the Davis Group and SBJ UK, it became part of Venture Preference.

There was frenzied market speculation earlier this year that he would leave when his restrictive covenant with AXA expired, but he was adamant he would be around for the foreseeable future and still had a lot to do.

He is on the lookout for new acquisitions and has ambitious expansion plans over the next three years. Bluefin already has branches in more than 50 locations, but Reid will be tempting many more brokers to join it in the security of AXA parenthood over the coming months. His goal is to reach £1bn gross written premium by 2012.

AXA's support seems secure for the time being. Its chief executive, Philippe Maso, has confirmed he will only sell the business at the right price, and that price is likely to be very expensive.

Reid seems to be enjoying life – though he sometimes seems as surprised as everyone else about the relative freedom he enjoys.

In the news: There's a regular stream of announcements from Bluefin as its expansion strategy continues apace. In April, it poached a senior property team from Aon, led by Ed Brown; in May it bought £5m GWP Peterborough broker GM Towns; in June it acquired St Albans-based Gilbert Business Insurance Brokers, a commercial broker placing around £2.5m in annual premiums; and last month it opened an office in Cardiff.

Insurers' view: Refreshingly independent from its French parent, but could this cause problems further down the line? It does sit somewhat uncomfortably within the AXA group, which will inevitably have an impact on its long-term strategy. Changes within the group must make for an uncertain future, even if there's no potential buyer in the wings.

# No.10
## Oval

*www.theovalgroup.com*
**Chief executive: Phillip Hodson**

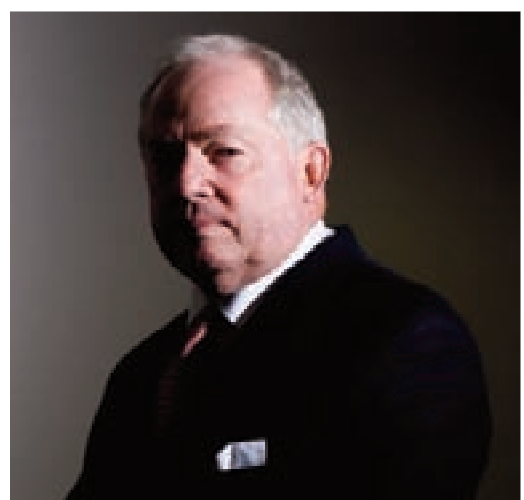
As leader of the sector's largest independent broker, Phillip Hodson keeps his cards close to his chest. Oval's planned flotation for 2012 seems to be on the backburner until 2015, following its appointment of corporate adviser Rothschild. But although he's leaving people guessing, Hodson has been careful to reassure his team, position the business favourably and dismiss unhelpful rumours. Postponing the flotation won't have gone down well with Oval's rebel shareholders, who are sitting on about £20m in equity and pressing for flotation at the earliest opportunity.

Whether Hodson would respond to overtures from Giles Insurance Brokers or look for his own transformational deal was a much debated topic earlier this year. In March, Hodson ruled out a sale, stating his team were "buyers not sellers". He appears to be concentrating on doubling the size of his broking empire via a major acquisition.

On record as saying there are too many brokers in the UK market, the question is what Hodson will do about it. In March, Oval completed its first acquisition in more than a year, buying Gloucester-based JL Fisher & Co. But with a debt facility of up to £100m for acquisitions, there is no doubt something much bigger is planned.

Hodson was educated at Cambridge and played cricket for Yorkshire before relocating to South Africa, where he worked for Anglo American. When he returned to Wakefield in 1977, his father made him managing director of the family firm, RP Hodson. By the time he was approached by a financier in 2003 with the idea of forming Oval, the business had grown to £60m GWP. Hodson's aim was to offer a complete and integrated service across risk and wealth management, encompassing healthcare, general insurance and corporate life and pensions. In 2015, Hodson reaches his 70th birthday – though how he will celebrate it is anyone's guess.

In the news: In April, it was announced that two bosses who had bought back their businesses from Oval last year had changed their names and signed up to networks – £9.5m premium Tett Hamilton, now trading as AJP Insurance, became the 20th member to join the Broker Network this year, while Wilkinson Rodgers, now known as Waterfront Insurance Brokers, joined the Willis Commercial Network. The following month, less than two years after he had sold Liverpool-based Powell Insurance Brokers to Oval, Eliot Powell quit the broking giant as his restrictive covenant came to an end.



*Hodson* ***Does this grandee of broking have a major deal up his sleeve?***

Insurers' view: Ethical, straightforward broker. A good collection of companies that gives it a strong proposition with clients, which allows it to punch above its relative bantam weight in the market.


The flexible
Insurance IT
Solution
With the flexibility of our WebX design engine we can
have your product on the Web in just weeks.
You don't even have to replace your existing system! ...
If you are looking for a way to punch through the technology barriers
...Welcome to Websure!
Call us on 01268 560350 or email
info@websure.com for further information.
websure.com
flexible by design

# No.11 Lockton

*www.lockton.com*

**Chief executive: Julian James**

Global broking group Lockton has continued to maintain its position just outside the top 10, without making any big changes to the business.

Like chief executive Julian James, the broker has kept a seemingly low profile in the market since it was handed a £15m cash injection in January 2009. Its US parent company, the Lockton family and shareholder Stone Point Capital had plans to grow the international business.

Last year Lockton chairman Mike Hammond told *Insurance Times* that Lockton International had grown its top-line revenue by 30% and cut its headcount by 15% in the three years since Alexander Forbes was acquired by Lockton to form Lockton International.

It is the firm's policy not to reveal its underlying figures but the broker's performance is reflected in its 11th place ranking, up one place on last year. Hammond ruled out acquisitions, preferring to focus on organic growth and adding new teams instead. It completed a major expansion of its Birmingham office in a bid to extend its presence in the Midlands. Former managing director of Kaupthing Singer & Friedlander's banking division Trevor Foster was named regional chairman.

Overseas, Lockton has been busy. It bought a key stake in Australian intermediary Australian Reliance and opened an office in Rio de Janeiro aimed at commercial and reinsurance clients.

It also struck a deal to become the sole global insurance partner to football event organisation company Soccerex.

**FIND OUT MORE ONLINE**
Go to **insurancetimes.co.uk** and search for:
*Mike Hammond* [10/12/09]

*James* ***Overseeing a strong performance led by organic growth***

# No.12 Cooper Gay

*www.coopergay.com*

**Chief executive: Toby Esser**

If his latest deal is anything to go by, Cooper Gay chief executive Toby Esser likes to think big. In July, his firm completed its purchase of US wholesale broker Swett & Crawford – a one-time subsidiary of broking giant Aon – creating a combined entity that places $3.5bn in premiums across the US, London and international markets.

Before this, Cooper Gay was already firmly established in the Lloyd's and London wholesale and reinsurance markets, having set up shop in 1965. It had grown internationally and developed a small presence in the US. But the recent acquisition has taken Cooper Gay into a new category, Esser himself boasting that the company is now the largest independent wholesale reinsurance broker in the world.

Although Swett is US-based, the buy could do much to improve Cooper Gay's standing as a Lloyd's broker, given that a lot of US excess and surplus lines business finds its way to the market. Esser's next challenge is to build up the firm's UK resources to handle this additional placing power.

As the Swett deal proves, Esser is not shy of making acquisitions to bolster Cooper Gay's market position. Since he took the helm in 2001, the company has expanded rapidly – a key milestone being the acquisition of a 51% stake in German broker Junge & Co in 2002. It went on to buy the remainder of the firm in 2006.

More recent purchases include Florida reinsurance broker Reinsurance.com.ar and the acquisition of the 49% stake in Brazilian arm Cooper Gay do Brasil that it did not already own. However, Esser is also keen to point out the firm's organic growth.

While bedding in the Swett purchase is likely to keep Esser and his management team occupied for some time, he has not ruled out making further acquisitions should the right opportunity arise. The company is also planning an IPO for some point in the future, although it is not yet clear when or where the company will float. Will it stick to its London roots or defect to the USA?


*Esser* ***Not afraid to think big – but will this take him away from London?***

# No.13 Heath Lambert

*www.heathlambert.com*

**Chief executive: Adrian Colosso**

Heath Lambert is a very different company to the lumbering, loss-making broker Adrian Colosso inherited when he took charge in 2004. He wasted no time in overhauling the firm to bring focus. The old Heath Lambert dabbled in many areas – retail, wholesale, reinsurance and international business – but Colosso was determined it should concentrate on its strengths of retail brokerage and employee benefits consulting, while retaining some specialist wholesale business.

In May 2008 Heath Lambert sold its aviation, UK wholesale and reinsurance businesses to Cooper Gay, which Colosso describes as a key milestone. A month later, the firm completed its wholesale exit strategy by releasing employees from its Global Business Solutions wholesale division – which had been excluded from the Cooper Gay deal – to Arthur J Gallagher International for an undisclosed sum.

Colosso is also credited with simplifying the group's management structure.

There have been hiccups along the way, notably the defection of 50 staff from the real estate team to Willis in 2004 and fruitless merger talks with Jardine Lloyd Thompson in 2006. But Colosso has taken it all in his stride.

Part of his success at managing such a transformation is his uncompromising – some would say ruthless – pursuit of success and straight talking. The announcement of Heath Lambert's withdrawal from the JLT merger discussions typify Colosso's tough, no-nonsense style. One would be forgiven for thinking that the press release's headline, "Heath Lambert pulls plug on JLT deal", had come from a newspaper rather than the firm's communications team.

During Colosso's tenure, Heath Lambert has won insurance accounts for several large infrastructure deals, among them the Crossrail and Thames Tideway projects.

While the situation at Heath Lambert has settled down after years of change and turmoil, and the company is now profitable – it posted net income of £19.9m in 2008 – it is unlikely that Colosso will be allowed to rest on his laurels. The continuing effects of the financial crisis on all brokers' revenues will no doubt keep him busy for some time to come.

*Colosso* ***Brought much-needed focus to the firm he took over in 2004***

## No.14
## Kwik-Fit

***www.kwik-fit.com***
**Managing director: Brendan Devine**

Fortis' acquisition of Kwik-Fit Insurance Services has been the big story among broking takeovers so far this year. The £215m deal extends Fortis' multi-distribution strategy in the motor space, while Kwik-Fit's insurance arm – offloaded by its parent group to trim its bank debts – gains a cash-rich and stable parent.

Fortis chief executive Barry Smith has promised to leave the business alone and retain the brand. Kwik-Fit is a solid, if unglamorous performer, intent on organic growth rather than acquisitions.

Kwik-Fit has become a subsidiary of Fortis UK with managing director Brendan Devine continuing to run the business. Under the new structure, Devine will reporting to Fortis UK retail managing director Andy Watson.

Kwik-Fit made a profit of £9.9m for the year to 31 December 2009, up 12.7% from £8.8m in 2008. Its motor book shrank 1% last year compared with 2008, but outperformed its peers in motor broking.

The company is not afraid to use aggregators. Its household book grew 27% last year, largely through penetration on price comparison sites.

A major development, which should help the company increase revenues this year, was the decision to employ more call centre staff. In April, the company announced it would be adding 70 more staff to its call centre at Uddingston, Glasgow. The roles include outbound sales and customer service jobs, as well as internet sales roles.

Its subsidiary, the Green Insurance Company, increased revenues 62% and profit before tax almost doubled to £700,000, while Express Insurance's reduced margins caused profit before tax at the unit to fall by £1m, or 27%, from its 2008 level.

## No.15
## RIAS

***www.rias.co.uk***
**Managing director: Janet Connor**
Last year was a good one for Fortis subsidiary RIAS and managing director Janet Connor. She remains the most prominent female head of a broking company, as it broke through the £80m turnover mark for the first time since its launch in 1992 and grew its motor insurance book by 13%.

A provider of insurance products for the over-50s, the broker offers home, car, travel, pet, caravan and breakdown insurance as well as funeral planning and life assurance. Connor, who joined the firm in May 2006, reported a net profit of £17.8m for the year to 31 December 2009, compared with £16m for the previous year. Total expenses fell slightly from £56.1m to £55.8m.

RIAS has nearly a million motor, home and travel insurance customers and employs about 1,000 people in two UK sites. In the first five months of 2010, RIAS launched its motor insurance additional cover option, MOT Protection; its Home Insurance additional cover option, the Broken Bones Cash Plan; and its life assurance policy, the RIAS Over 50s Life Plan, which was underwritten by sister company Fortis Life in May.

***Connor** Steered RIAS across the £80m turnover barrier for the first time in its 18-year history*

## No.16
## Capita Insurance Services

***www.capitainsuranceservices.co.uk***
**Managing director: Mark Townsend**
A review is on the cards for Capita Insurance Services' many broking brands, following the recent acquisition of motor specialist Sureterm Direct, managing director Mark Townsend told *Insurance Times* earlier this year.

One of the sector's youngest chief officers, 35-year-old Townsend joined Capita when it acquired BDML in 2005, overseeing the integration of the two. Some rationalisation is now needed, judging by the variety belonging to the famously heterogenous group – still best known for outsourcing public services, most famously the London congestion charge.

Alongside recent acquisition Sureterm, which offers insurance for niche vehicles, the company also has the Hero and Lancaster brands in the motor space. Its other customer-facing brands include A Quote, First Quote and BDML. On top of that, the FTSE 100 group also has its Thornside pet business, which has formed partnerships with retailers Sainsbury's and Littlewoods recently.

Townsend said the company had too many brands and would be reviewing the situation before the end of the year. He also hinted that both Lancaster and Sureterm would survive any cull. The company made an impressive appearance in the Top 50 this year, leapfrogging Giles to rise two places. This reflects its most recent set of results, which reported double-digit percentage growth in turnover and profits.

## No.17
## Giles Insurance Services

***www.gilesinsurance.co.uk***
**Chief executive: Chris Giles**
During a topsy-turvy period, Chris Giles's firm has become one of the most talked about brokers in the UK market. The past year has included a host of senior management changes and further acquisitions, as it seeks fresh impetus to drive towards a sale or flotation by 2012. Despite turning in a £22.6m pre-tax loss in 2009, Giles said it was the best performance out of all the consolidators.

Recent deals include the retail division of James Hampden Insurance in May, shortly after it completed the transfer of wholesale operation FSJ from Cooper Gay.

Earlier in the year Giles also picked up the entire team of Brightstar Risk Solutions to form a corporate and financial risks division in London.

Giles has slowly been building up its regional business in the UK, with a particular focus on Wales during the past year. In February, it invested £500,000 in a regional "super-office" in Llantrisant, south Wales in a bid to cement its position in the region.

Giles has brought in former deputy chief executive of Ecclesiastical Insurance Group George Prescott as non-executive chairman and has promoted operations director Sarah Lyons to group managing director. There have also been a number of notable departures, including retail managing director Howard Pearson and trading and placement director Andrew Watson.

Giles still has private equity cash from backer Charterhouse burning a hole in its pocket and is desperate for a transformational deal before any firm talk of a float can begin.

There have been plenty of rumours of a deal with Oval, but as yet nothing has emerged – though the feeling is it's not a matter of if but when the broking giant will pounce.

**FIND OUT MORE ONLINE**
Go to **insurancetimes.co.uk** and search for:
*Chris Giles* [11/12/08]

## No.18
## Arthur J Gallagher

***www.ajginternational.com***
**Chief executive: David Ross**
Continuing its steady rise in the Top 50, Arthur Gallagher London places risk for clients in more than 90 countries. Chief executive David Ross has been with Gallagher for 19 years.

Founded in 1974, the company has been on the acquisition trail over the past year. In March,

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*Alway* ***Pressure is on for Jelf to keep performance up and debt down – or Jelf's top team will face a much less attractive share payout next year***

it bought financial and professional risks specialist First City, which featured in last year's Top 50. Then, in July, AJG purchased the remaining part of leading natural resources broker SBA in Western Australia.

The company made a net profit of £73.2m in the first half of 2010, boosting revenues by 10.2% – 4% up on the $70.2m it made in last year's first half. Its year started well when the broker secured the remaining part of a $30m jewellers' block account from HSBC Insurance Brokers.

The broker concentrates on four key areas: natural resources business, including energy, mining and heavy-duty construction; risk management business for large corporate clients; mainstream middle-market business (both retail and wholesale); and managing general agency-related business, with a focus on the UK and Europe. After its most recent acquisitions, Gallagher must be confident of making another improvement in its Top 50 position next year.

## No.19
# Miller

***www.miller-insurance.com***
**Chief executive: Graham Clarke**

Founded in 1902 by Thomas Miller, Miller's main lines of business include commercial contingency, corporate risks, marine, property and reinsurance. Continuity is reflected in the London market broker's leadership too: chief executive Graham Clarke has been with the company since 1982, becoming chief executive a decade ago.

Reporting its results recently, Miller admitted that the market had been tough over the past year. But the broker's total operating revenues increased by 14% to £76.9m (16% at constant rates of exchange) and operating profit rose 10%. Capital and reserves were also up £5.3m to £24.1m.

In June, Miller joined international broker network Assurex Global, which operates in more than 80 countries on six continents, increasing the company's geographical servicing reach.

This year, the broker has been busy expanding its team, nabbing former Guy Carpenter managing director Adrian Stewart to lead its property reinsurance book and Aon's Matt Grimwade to head its major UK and Europe corporate accounts.

## No.20
# Jelf

***www.jelfgroup.com***
**Chief executive: Alex Alway**

Jelf chief executive Alex Alway hit the headlines earlier this year when news emerged that he and the rest of the board had awarded themselves a potentially lucrative share bonus deal. The package, which could be worth millions for Alway and his top team, was concluded after Jelf struck a series of successful financial deals this year, placing the firm on a sound financial footing. US private equity firm Cap Z bought out rival 3i's stake of 27%, which, along with share placements to investors, raised £19m.

Jelf also agreed a £24m five-year bank debt facility with its bankers. The money can be used to bolster organic growth and make acquisitions. The consolidator paid high prices for companies in the boom years, racking up big debts. Jelf has used part of the proceeds from the placement to reduce debt to £16m from £24.3m.

That's all good news, but the deals come at a price. Investors will want the share price to rise significantly and if the management fails, heads could role. The AIM market is not an easy place to grow unless investors see something exciting.

Added to this, Jelf is battling a soft market. In 2009, it recorded an operating loss of £9.7m compared with £5.7m the year before, as the wealth management business underperformed.

However, the company had to pay for large reorganisation costs and on a trading basis its insurance and healthcare businesses performed adequately in a tough market, while its Purple Network grew to £100m premium income.

The West Country-based business also invested in new premises, in Ringwood and Manchester. Jelf's diverse and well-managed business is strongly positioned to take advantage of an improvement in market conditions. The main question for Alway is: will those improvements come too late?

**FIND OUT MORE ONLINE**
Go to **insurancetimes.co.uk** and search for:
*Jelf at the crossroads* [19/11/09]

No.21
# Endsleigh

*www.endsleigh.co.uk*
**Managing director: Ian Passmore**
The Zurich-owned student insurance specialist turned in improved profits earlier this year. The better results reflected the absence of the one-off costs associated with the closure of the company's extensive branch network, which depressed its earnings for 2008.

No.22
# Hyperion Insurance (Howden)

*www.howdengroup.com*
**Chief executive: Tim Coles**
Hyperion broking arm Howden reported a 43% leap in broking revenues this year, thanks partly to the establishment of a North American P&C business. These strong results followed 51% growth in the year before, which helped propel the company three places up the Top 50.

No.23
# CCV


*Rea The CCV chief executive is continuing to push forward with the acquisitive approach set in motion this year*

*www.ccventures.co.uk*
**Chief executive: Michael Rea**
CCV's top management are clearly in no mood to rein back on their acquisition spree this year. Chief executive Micheal Rea has already announced five purchases this year for the Peter Cullum-backed vehicle. Newcastle broker Bishops Skinner is the latest to join the fold.

**FIND OUT MORE ONLINE**
Go to **insurancetimes.co.uk** and search for:
*Peter Cullum exclusive* [12/01/10]

No.24
# RK Harrison

*www.rkhgroup.com*
**Chief executive: Paul Bridgwater**
Formed following a buy-out in 1999, Bedford-based RK Harrison continued its slow climb up the Top 50 this year, its two-place rise mirroring the same movement last year.

No.25
# Hastings Insurance Services

*www.hastingsdirect.com*
**Chief executive: Edward Fitzmaurice**
For Hastings, the past year has been a turnaround exercise following 2008's £23m losses and the subsequent management buy-out of the business from IAG. A new entrant to last year's Top 50, its most recent accounts show £2.7m of pre-tax losses on roughly the same turnover – £47.8m – as in 2008. Earlier this year, Hastings also received a £20m cash injection from Lloyds Banking Group.

No.26
# BMS Associates

*www.bmsgroup.co.uk*
**Chairman: Hugo Crawley**
BMS Group, run by chairman Hugo Crawley, has its origins in specialist London-based North American treaty reinsurance broker Ballantyne McKean & Sullivan, formed in 1980. The group now comprises 11 London-based companies and 10 international offices and has branched out to offer all reinsurance lines, commercial and major risks insurance. BMS doubled its underlying profit for last year from 2008's £4.5m to £9.2m.

No.27
# THB Group

*www.thbgroup.com*
**Group chief executive: Frank Murphy**
Despite recording an operating loss of £165,000 for the six months ending 30 April 2010 – from an operating profit of £377,000 in the same period during 2008/09 – the THB Group is on the acquisition trail. The company revealed in July that it had appointed Deloitte to scour the market for suitable acquisitions, with a focus on its established strengths, such as delegated authority property, and by growing its European and UK wholesale units.

No.28
# A-Plan

*www.aplan.co.uk*
**Chief executive: Carl Shuker**
A-Plan is the highest new entry in this year's Top 50, breaking into the table for the first time in its 40-plus years in the business.

But it's not just the Oxford-based broker's placing that will spark interest; it is how the company has achieved it. For a start, it is a personal lines broker. But it also has a large and growing chain of high-street branches. After Swinton, A-Plan has easily the second largest network of high-street outlets of any of this year's Top 50 brokers.

Chief executive Carl Shuker's recent announcement of a new A-Plan branch in Poole – taking its total number of shops to 58 – confirms that the broker is not altering what many would consider a counter-intuitive strategy in these internet-focused days.

Over the past year, the company has added another three shops to the 54 it inherited following 2008's management buy-out. And


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Shuker has hinted that there could be more deals in the pipeline. The Poole opening reflects A-Plan's strategy of expanding outside its south east heartland. The company does not have any branches north of Birmingham, but Shuker told *Insurance Times* earlier this year that it has not ruled out expansion into fresh regions.

Shuker clearly believes that face-to-face contact offers A-Plan a competitive advantage.

And Barclay's Private Equity, which owns a two thirds stake in the broker, seems happy with its investment. Despite rumours to the contrary, *Insurance Times* reported earlier this year that it had no plans to sell its share.

## No.29 Group Direct

***www.brightsidegroup.co.uk***

**Chief executive: Paul Chase-Gardener**

Group Direct is part of the bigger Brightside Group. The West Country-based Group Direct's family of businesses includes Commercial Vehicle Direct and Panacea Finance. Earlier this year, Brightside eyed up Jelf as a potential acquisition.

## No.30 Barbon

***www.barbon.com***

**Chief executive: Martin Oliver**

Barbon has set itself a target to nearly double its £150m book over the next three years. The residential and commercial property insurance specialist, owned by high-street banks, aims to achieve about 75% of its targeted £100m growth in gross written premium through acquisitions and the rest organically. Through a new scheme for start-up broking entrepreneurs, Barbon is also offering support on areas such as compliance, IT, marketing and banking.

## No.31 RFIB

***www.rfib.co.uk***

**Chief executive: Marshall King**

Marshall King took over as chief executive of the Lloyd's insurance and reinsurance broker last September. Since then, RFIB has continued its expansion drive across Australia and the Far East, including the opening of an office for its energy business in Perth.

***Chase-Gardener Group Direct is part of the Brightside Group, which earlier this year eyed up Jelf as a possible acquisition***

## No.32 Adrian Flux

***www.adrianflux.co.uk***

**Chief executive: David Flux**

Broker Adrian Flux established the business in 1973 to offer a motor insurance service to disabled drivers. Since then, the company has developed a range of motor niches under first Adrian and, following his death in 1999, his son David. In the past year, the Kings Lynn-based company has announce the creation of 100 jobs.

## No.33 Price Forbes

***www.priceforbes.com***

**Chief executive: Michael Donegan**

By some margin the oldest new entrant into the Top 50, Price Forbes dates back to 1873. The Lloyd's broker's entry into this year's table follows the 2006 management buy-out of the firm from Marsh. In 2004, while still under the Marsh umbrella, it merged with Prentis Donegan & Partners, which specialised in trucking, real estate, manufacturing, marine, energy and cargo.

Price Forbes' traditional strengths lay in utilities, construction, casualty, professional liability and the setting up and administration of delegated facilities. While it offers cover in every country except North America, Price Forbes specialises in high-risk and developing countries.

It aims to meet the needs of non-governmental organisations, charities, diplomats, aid agencies, multinational companies, international schools and expatriates. Its motor unit, for example, provides expert loss and damage insurance for those living and working overseas, offering cover ranging from minor accidental damage to serious situations such as terrorism, hijacking and natural disasters.

The company's biggest move during the past year has been the establishment of a treaty reinsurance division. The new division, which will be headed by Paul Bumpstead, is expected to be up and running by October.

## No.34 Tyser & Co

***www.tysers.com***

**Chief executive: Chris Elliott**

In business since 1820, the Lloyd's broker has its roots in the marine industry, but nowadays provides the full range of general wholesale and retail insurance services. Its major shareholder is Hawkes Bay Holdings, an employee-owned investment holding company, and chief officer Chris Elliott has spent his whole career at the company since joining in 1982.


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***Kabban** UIB clinched the account for Royal Air Maroc earlier this year*

## No.35
## United Insurance Brokers

***www.uibgroup.com***
**Chairman: Bassem Kabban**
The product of a 1987 buy-out from Marsh & McLennan, UIB's roots go back to the 1960s when its forerunner became the first insurance broker in the Middle East. It was also the first to join Lloyd's without having to operate under an umbrella arrangement with a Lloyd's broker. UIB's big win this year has been the account for Moroccan flag carrier Royal Air Maroc.

## No.36
## Besso Holdings

***www.bessoholdings.co.uk***
**Chief executive: Colin Bird**
Rumours of a management buy-out have swirled this year around the Lloyd's broker. Besso's staff count has increased from about 200 in 2005 to just under 300 following the acquisition of H Bernstein Insurance Brokers four years ago.

## No.37
## Towers Watson Reinsurance

***www.towerswatson.com***
**Chief executive: John Haley**
Unlike many of its peers that combine broking and consulting, Towers Watson – which has dropped more places than any other company in this year's Top 50 – is more consultancy than broker. The broking division is embedded in the group's risk and financial services division, which accounted for 24% of overall revenues, according to the firm's first quarter results.

The company was formed through a merger of actuarial consultancy Towers Perrin and human resources and actuarial consultancy Watson Wyatt, a deal that was completed in January this year.

This year's disappointing Top 50 position should not, however, imply that broking is an afterthought for the firm. Towers Watson insists that it covers all major lines and has relationships with about 200 reinsurers and Lloyd's underwriters.

And it seems determined to grow larger. In July it poached Brian O'Neill from Guy Carpenter and Scott Emanuele from Munich Re America to bolster its reinsurance broking division, having already taken two executives – Robert Betz and Lloyd Stolko – from Guy Carpenter in June.

## No.38
## Windsor

***www.windsor.co.uk***
**Chief executive: John Bennett**
A long established Lloyd's broking group, which dates back to 1933, Windsor is majority owned by its staff following a management buy-out in 2007. Earlier this year, the group secured a deal to refinance its debt with Clydesdale Bank. The agreement follows the Lloyd's £33.7m broker management buy-out from shareholders two years ago, which paved the way for Windsor's delisting.

## No.39
## Newman, Martin and Buchan

***www.nmbinsurance.com***
**Chairman: Gordon Newman**
Continuity is key to this 150-strong Lloyd's broker's proposition. The firm's organic-only growth since its launch in 1987 is, it claims, rooted in the fostering of long-term relationships using teams that do not change from year to year. Reflecting this approach, chairman Gordon Newman has been at the helm since the firm's establishment .

## No.40
## Carole Nash

***www.carolenash.com***
**Chief executive: David Newman**
A drop in the number of motorcycles on the road was blamed for a fall in Carole Nash's profits earlier this year. However, Groupama's UK chief executive François-Xavier Boisseau strenuously denied market rumours that the insurer was planning to sell the Cheshire broker.

## No.41
## Cobra Insurance

***www.cobrainsurance.co.uk***
**Managing director: Stephen Burrows**
Formed following a merger in 2006, last year's second highest new entrant to the Top 50 continued to add new members this year. The Cobra network now has 159 members, Surrey-based Riverbourne Group being the latest.

## No.42
## Lark Group

***www.larkinsurance.co.uk***
**Chairman: Graham Lark**
Set up in 1948 as a family firm, the Lark Group is now owned by AXA, offering a range of services to private clients. Cousins Graham and Stephen Lark are both still on the group's board, acting as chairman and managing director respectively.

**FIND OUT MORE ONLINE**
Go to **insurancetimes.co.uk** and search for:
*We are family: Lark* [28/01/09]

## No.43
## Abbey Protection

***www.abbeyprotectionplc.com***
**Chief executive: Chris Ward**
Abbey Protection chief executive Chris Ward is hoping to capitalise on the deregulation of the

legal services sector. After announcing 6% growth in pre-tax profits earlier this year, Ward said the legal and tax insurance specialist was eyeing up acquisitions in the commercial law sector. Ownership rules are set to be loosened up in this area as a result of the new Legal Services Act.

## No.44 Henderson

***www.hibl.co.uk***
**Chief executive: Joe Henderson**
Henderson's aggressive approach to expanding its business has catapulted it up the rankings, rewarding the Leeds-based broker with its first appearance in the Top 50.

The broker, one of the largest independents in the market, has developed a strategy of targeted niche acquisitions, senior appointments and organic growth. A £4.5m loan from Lloyds TSB enabled Henderson to compete with rivals for acquisitions. Most of the loan was spent on two deals. In September 2009 Henderson expanded into the credit insurance market, acquiring £10m gross written premium UK Credit. The move also gave Henderson a presence in north London. Henderson also snapped up Leeds-based Denney O'Hara, its most recent acquisition.

It is thought Henderson still has about £1.5m to play with, in addition to other funding sources. Henderson is keen to make a transformational deal – one that could add 40% growth to the business – propelling the provincial broker above its holy grail of £200m gross written premium.

New faces have joined the broker this year, such as Gordon Brain, previously of Bluefin, as group broking director. In June it also announced 12 appointments across its network of 10 offices.

The broker has been linked with selling a stake to private equity firms in the past, but insists it wants to remain independent.

Henderson has more than 10 UK commercial broking offices, as well as specialist Lloyd's business Contractsure and divisions for surety services, risk management, healthcare and real estate development.

## No.45 AHJ Holdings

***www.ahjltd.co.uk***
**Chief executive: Hugh Price**
AHJ is a Lloyd's broker specialising in marine risks. Hugh Price, who has been with the business since its establishment in 1973, became both chairman and chief executive in 1996. He says the company prides itself on the comprehensive insurance cover it offers.

## No.46 Oxygen Group

***www.oxygeninsurance.com***
**Chairman: Nigel Barton**

***Moors** Bollington's boss remains bullish despite a significant profit drop*

Oxygen's arrival in the Top 50 league table will come as no surprise to industry watchers, who have winessed the business growing impressively since its beginnings in 2004.

The business was originally funded by the board's directors and private investors from the insurance world. Led by charismatic chairman Nigel Barton, the firm based itself in London. It made its first acquisition in 2006, when it snapped up Smart & Cook Consulting, after which Barton rebranded the business Oxygen UK Corporate Risks.

Oxygen has since grown in key areas – construction, financial institutions, mining, building societies, professions and reinsurance. Oxygen now has 11 offices across the UK and US. In May this year, it opened an office in Bristol dedicated to handling corporate risks.

Oxygen is still regarded as a boutique specialist. Its music and entertainment arm, Robertson Taylor, handles the insurance needs of some high-profile celebrities, while Oxygen Private Client Services caters for the super rich.

The organisation's only venture outside broking and risk management ended in 2008 when it sold Oxygen Insurance Managers Underwriting – the group's managing general agency – to Arthur J Gallagher (UK). The possibility of starting another MGA has not been ruled out for the near future.

## No.47 CJ Coleman

***www.cjcoleman.com***
**Chief executive: David Merry**
In business since the early 1970s, CJ Coleman acts as a wholesaler for intermediaries and provides risk management solutions for commercial clients. The company is particularly active in Scandinavia.

## No.48 Fortis Insurance Solutions

***www.fortisinsurancesolutions.co.uk***
**Managing director: Andy Watson**
Formed when Outright, the result of a management buy-out from HSBC, became part of Fortis (UK) in 2005, Fortis Insurance Solutions was rebranded under its current name in 2008.

## No.49 Berry Palmer & Lyle

***www.bpl-global.com***
**Chairman: Charles Berry**
The fifth new entrant in the Top 50, BPL is a specialist Lloyd's broker that achieved almost 48% growth in income last year. Formed in 1983, it works mainly with private companies offering exposure to non-payment, non-performance, terrorism and country risk. BPL's London and Paris offices are the centre of a global network.

## No.50 Bollington

***www.bollington.com***
**Chairman: Paul Moors**
Founded as a local broker in Cheshire in 1973, Bollington is now 60% owned by Groupama. Chairman Paul Moors remains bullish despite a 50%-plus fall in a pre-tax profits this year. **IT**

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*Interview: Paul Moors* [24/06/10]

# The figures beh

So how do the best in broking account for their performance? Here's an insight into the numbers behind

| 2010 ranking | 2009 ranking | Company name | Current year | Brokerage | Brokerage change | Costs | Investment income net | EBITDA | EBITDA growth | EBITDA % | Net current assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1 | *Aon* [1] | *Dec '09* | *£805.63m* | *17.3%* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* |
| 2 | 2 | *Marsh* [1,5] | *Dec '09* | *£749.6m* | *58.5%* | *£550.8m* | *£59.7m* | *£139.1m* | *33.37%* | *18.6%* | *n/a* |
| 3 | 3 | *Willis* [1] | *Dec '09* | *£536.9m* | *16.4%* | *n/a* | *£30m* | *n/a* | *n/a* | *n/a* | *n/a* |
| 4 | 5 | *JLT Group* | *Dec '09* | *£519.9m* | *15.9%* | *£418.7m* | *£6.4m* | *£94.8m* | *3.75%* | *18.2%* | *£79m* |
| 5 | 4 | *Saga/AA* [4] | *Jan '10* | *£504m* | *12.0%* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* |
| 6 | 6 | *Towergate Partnership* [2,4] | *Dec '09* | *£357.5m* | *-3.9%* | *£219m* | *£2.3m* | *£140.8m* | *-9.92%* | *39.4%* | *n/a* |
| 7 | 7 | *Swinton Group* [5] | *Dec '08* | *£278.9m* | *0.0%* | *£-* | *£-* | *£-* | *n/a* | *n/a* | *£60.6m* |
| 8 | 8 | *BGL Group* [4] | *Dec '09* | *£271.1m* | *3.7%* | *£203.7m* | *-£3.7m* | *£63.7m* | *17.60%* | *23.5%* | *£98.3m* |
| 9 | 10 | *Bluefin* [4] | *Dec '09* | *£140m* | *0.0%* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* | *n/a* |
| 10 | 11 | *Oval* [2,4] | *May '09* | *£107m* | *2.3%* | *n/a* | *n/a* | *£22.5m* | *52.72%* | *21.0%* | *n/a* |
| 11 | 12 | *Lockton* [4] | *Apr '09* | *£102.5m* | *1.5%* | *£92.3m* | *-£1.3m* | *£8.9m* | *222.83%* | *8.7%* | *-£94,000* |
| 12 | 14 | *Cooper Gay & Co* | *Dec '09* | *£100.5m* | *21.1%* | *£83.6m* | *£14.3m* | *£16.8m* | *11.81%* | *16.8%* | *£22.3m* |
| 13 | 13 | *Heath Lambert* | *Dec '08* | *£99.3m* | *0.0%* | *£85.7m* | *£3m* | *£17.2m* | *0.00%* | *17.3%* | *£20m* |
| 14 | 15 | *Kwik-Fit* [4] | *Dec '09* | *£84.3m* | *2.0%* | *£65m* | *-£5.6m* | *£19.3m* | *-7.11%* | *22.9%* | *£32.2m* |
| 15 | 16 | *RIAS (Fortis)* | *Dec '09* | *£80.6m* | *3.9%* | *£55.8m* | *-£105,000* | *£27.1m* | *9.20%* | *33.6%* | *£16.7m* |
| 16 | 18 | *Capita Insurance Services* [4] | *Dec '09* | *£77.4m* | *13.6%* | *£66m* | *£-* | *£8.3m* | *23.86%* | *10.8%* | *£17.8m* |
| 17 | 17 | *Giles Insurance Brokers* [2,4] | *May '10* | *£71.3m* | *-1.2%* | *£47.6m* | *£-* | *£23.7m* | *-0.84%* | *33.2%* | *£100,000* |
| 18 | 23 | *Arthur J Gallagher (UK)* | *Dec '08* | *£71m* | *25.0%* | *£82m* | *£2.4m* | *£8.7m* | *76.17%* | *12.3%* | *£25.5m* |
| 19 | 20 | *Miller Insurance* | *Apr '09* | *£67.7m* | *7.7%* | *£62.7m* | *£1.9m* | *£6.5m* | *74.95%* | *9.6%* | *£32.2m* |
| 20 | 22 | *Jelf Group* | *Sep '09* | *£65.4m* | *12.1%* | *£75.2m* | *-£1.6m* | *-£4.1m* | *-141.82%* | *-6.2%* | *-£4.9m* |
| 21 | 19 | *Endsleigh Insurance Services* | *Dec '09* | *£65m* | *-0.8%* | *£49.9m* | *-£1.3m* | *£18.7m* | *238.25%* | *28.8%* | *£20.2m* |
| 22 | 25 | *Hyperion Insurance Group (Howden)* [5] | *Sep '09* | *£62.3m* | *33.6%* | *£57.9m* | *-£637,000* | *£8.3m* | *31.25%* | *13.3%* | *£22.7m* |
| 23 | 21 | *CCV* [2,4] | *Dec '09* | *£59.7m* | *-2.2%* | *£40.1m* | *£167,000* | *£19.7m* | *-10.26%* | *33.1%* | *-£6.6m* |
| 24 | 26 | *RK Harrison* | *Jun '09* | *£59.1m* | *30.8%* | *£45.3m* | *-£901,000* | *£13m* | *7.44%* | *21.9%* | *£14.1m* |
| 25 | 24 | *Hastings Insurance Services* | *Jun '09* | *£47.8m* | *-0.3%* | *£50.4m* | *£273,000* | *-£927,000* | *-94.31%* | *-1.9%* | *£20.8m* |

# hind the firms

this year's league table contenders, in order of brokerage

| Bank and investments | Creditors | Shareholders' funds | EBITDA to goodwill % | Highest director salary | Total directors' emoluments | Number of employees | Employee cost | Directors' emolument change | Average employee cost | Average employee cost change | Headcount change | Turnover per employee |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| £511.4m | £670.8m | £239.4m | 240.1% | £1.6m | £5.4m | 5,665 | £370.5m | 6.1% | £65,000 | 7.0% | 5.2% | £91,800 |
| n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | 424.6% | n/a | n/a | 3,845 | £153.7m | n/a | £40,000 | -4.7% | 16.6% | £93,000 |
| £433,000 | £142.2m | £97.5m | n/a | £264,000 | £817,000 | 3,863 | £86.8m | 0.0% | £22,000 | 0.0% | 0.0% | £72,200 |
| £66.9m | £256.1m | £163.6m | 29.5% | £657,000 | £2.1m | 2,027 | £67.7m | -15.7% | £33,000 | 4.1% | -3.3% | £133,800 |
| n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | 628.6% | n/a | n/a | 1,246 | n/a | n/a | n/a | n/a | 0.0% | £85,900 |
| £3.1m | £41.3m | £389,000 | n/a | £258,000 | £409,000 | 747 | £67.5m | 123.5% | £90,000 | 17.8% | -11.6% | £137,300 |
| £89.7m | £104.1m | £10.9m | 148.3% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| £67m | £217.4m | n/a | n/a | £576,000 | £1.98m | 1,488 | £64.4m | 0.0% | £43,000 | 0.0% | 0.0% | £66,700 |
| £31.9m | £27.8m | £45m | n/a | n/a | £135,000 | 993 | £26m | 0.0% | £26,000 | 0.0% | 0.0% | £84,900 |
| £13.1m | £35.5m | £20.2m | n/a | £350,000 | £1m | 1,018 | £25.5m | 1.2% | £25,000 | -1.2% | -3.1% | £79,200 |
| £13.6m | £20.7m | £29.2m | 2.5% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| £26.5m | £47.8m | -£10.3m | 931.6% | n/a | n/a | 1,049 | £34.4m | n/a | £33,000 | 0.0% | 0.0% | £68,000 |
| £59m | £157.2m | £22.7m | 63.8% | £687,000 | £1.3m | 364 | £40.8m | -18.4% | £112,000 | 24.8% | -16.7% | £195,200 |
| £97.1m | £505m | £20.2m | n/a | £702,000 | £1.3m | 448 | £45.4m | -17.7% | £101,000 | 3.8% | -0.9% | £151,100 |
| £18.7m | £35.8m | £66m | n/a | £353,000 | £1.3m | 1,123 | £45.7m | 33.5% | £41,000 | 6.4% | 18.7% | £58,300 |
| £43.6m | £67.2m | £11.1m | 108.7% | £1.5m | £2.7m | 1,040 | £27.6m | 0.8% | £27,000 | 3.1% | -11.9% | £62,500 |
| £57.5m | £166.7m | £37.8m | 371.8% | £534,000 | £1.7m | 448 | £34.8m | 6.5% | £78,000 | 9.2% | 17.0% | £139,100 |
| £16.5m | £94.1m | £12.5m | 302.3% | £315,000 | £677,000 | 549 | n/a | 14.9% | n/a | n/a | -29.2% | £108,700 |
| £78.1m | £7.1m | £21.9m | 188.5% | £904,000 | £2.5m | 460 | £34.1m | 4.9% | £74,000 | 13.7% | 20.1% | £128,600 |
| £15.4m | £65.4m | £16.2m | n/a | £783,000 | £898,000 | 726 | £20.8m | -82.3% | £29,000 | 32.5% | -30.5% | £65,900 |

| 2010 ranking | 2009 ranking | Company name | Current year | Brokerage | Brokerage change | Costs | Investment income net | EBITDA | EBITDA growth | EBITDA % | Net current assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 26 | 29 | BMS Associates | Dec '09 | £46.9m | 10.1% | £47.7m | £233,000 | £89,000 | -94.19% | 0.2% | £6m |
| 27 | 28 | THB Group | Oct '09 | £46.2m | 5.5% | £44.7m | £(967) | £4.6m | -4.66% | 10.0% | £4.1m |
| 28 | n/a | A-Plan | Feb '09 | £45.4m | 7.9% | £29.2m | £522,000 | £16.6m | 9.09% | 36.6% | £8.8m |
| 29 | 30 | Group Direct | Dec '09 | £44.7m | 34.7% | £37.6m | -£410,000 | £6.7m | -11.13% | 14.9% | £23.6m |
| 30 | 27 | Barbon Insurance | Dec '09 | £43.3m | -2.2% | £34.5m | £86,000 | £13.5m | 59.29% | 31.2% | £1.4m |
| 31 | 31 | RFIB Group | Jun '09 | £38.3m | 16.3% | £35.4m | £219,000 | £4.4m | -20.53% | 11.6% | £4.6m |
| 32 | 35 | Adrian Flux [4] | Sep '09 | £37.3m | 35.5% | n/a | n/a | n/a | n/a | n/a | n/a |
| 33 | n/a | Price Forbes | Dec '09 | £35.7m | 2.8% | £33.2m | -£113,000 | £2.4m | 99.59% | 6.8% | £7.5m |
| 34 | 37 | Tyser & Co | Dec '09 | £33.5m | 24.7% | £29.9m | £867,000 | £3.9m | 13.04% | 11.5% | £6.7m |
| 35 | 36 | United Insurance Brokers [4] | Dec '09 | £33.3m | 21.6% | £29.1m | -£265,000 | £4.5m | 12.70% | 13.6% | £12.4m |
| 36 | 33 | Besso Holdings | Dec '08 | £31.2m | 3.9% | £29.3m | £663,000 | £2.5m | 144.89% | 8.1% | £9m |
| 37 | 32 | Towers Watson Reinsurance | Dec '08 | £30.3m | -2.8% | £28.1m | £1.8m | £2.4m | -36.22% | 8.0% | £17.9m |
| 38 | 34 | Windsor | Sep '09 | £28.7m | 3.7% | £20.6m | -£3m | £8.4m | 20.93% | 29.4% | £4.2m |
| 39 | 40 | Newman Martin and Buchan | May '09 | £25.5m | 10.9% | £22.9m | £191,000 | £3.3m | -374.37% | 12.7% | £9m |
| 40 | 38 | Carole Nash [4] | Dec '09 | £24.2m | -2.9% | £18.1m | £14,000 | £7.1m | -19.04% | 29.2% | £2.6m |
| 41 | 41 | Cobra Insurance | Mar '09 | £22.5m | 56.9% | £21.5m | -£947,000 | £2.6m | 266.19% | 11.8% | £1.2m |
| 42 | 42 | Lark Group [4] | Mar '10 | £20.7m | 4.0% | £16.7m | -£72,000 | £4.8m | 24.54% | 23.1% | £2.2m |
| 43 | 45 | Abbey Protection | Dec '09 | £19.4m | 18.9% | £14.7m | £- | £9.7m | 46.07% | 50.3% | -£3m |
| 44 | n/a | Henderson [4] | Apr '10 | £19m | 22.5% | n/a | n/a | £1.9m | -11.68% | 9.9% | n/a |
| 45 | 46 | AHJ Holdings [4] | Dec '09 | £19m | 20.6% | £17.1m | £28 | £2m | -3.94% | 10.7% | £7m |
| 46 | n/a | Oxygen Group | Dec '09 | £18.2m | 7.2% | £18.2m | -£322,000 | £68,000 | -97.73% | 0.4% | £769,000 |
| 47 | 48 | CJ Coleman | Dec '09 | £16.8m | 12.8% | n/a | n/a | n/a | n/a | n/a | n/a |
| 48 | 44 | Fortis Insurance Solutions | Dec '08 | £16.6m | 0.0% | £13.8m | -£758,000 | £3.3m | 0.00% | 19.7% | £916,000 |
| 49 | n/a | Berry Palmer & Lyle | Mar '09 | £16.3m | 47.7% | £11.2m | £351,000 | £5.3m | 109.48% | 32.7% | £8m |
| 50 | 47 | Bollington | Dec '09 | £15m | 0.2% | £12.2m | £107,000 | £2.9m | 157.08% | 19.2% | -£2.8m |

NOTES
[1] Figures extracted from US SEC Form 10K for UK business
[2] Annualised figures to reflect material acquisitions in current financial year
[3] Figures extracted from group consolidated accounts
[4] Management provided information
[5] Estimate based on prior year and acquisitions

| Bank and investments | Creditors | Shareholders' funds | EBITDA to goodwill % | Highest director salary | Total directors' emoluments | Number of employee s | Employee cost | Directors' emolument change | Average employee cost | Average employee cost change | Headcount change | Turnover per employee |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| £42.1m | £374.9m | £4.2m | 1512.4% | £990,000 | £4.6m | 267 | £29.7m | 10.1% | £111,000 | 6.9% | -9.8% | £175,700 |
| £40.4m | £52.5m | £24.6m | 835.4% | £301,000 | £1.1m | 463 | £31.1m | -35.8% | £67,000 | 14.7% | 2.9% | £99,900 |
| £18.6m | £16.5m | £13.8m | n/a | £318,000 | £628,000 | 693 | £18.9m | 2196.2% | £27,000 | 7.4% | 1.0% | £65,500 |
| £21.5m | £19.6m | £42.5m | 230.5% | £263,000 | £798,000 | 565 | £15.2m | 48.1% | £27,000 | -13.5% | 14.4% | £79,100 |
| £23.2m | £44.1m | £34m | 288.7% | £234,000 | £1.1m | 648 | £20.4m | -37.7% | £31,000 | 4.4% | -0.2% | £66,800 |
| £46.3m | £254.5m | £24.2m | 442.1% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a | 539 | n/a | n/a | n/a | n/a | 13.0% | £69,200 |
| £5.7m | £9.2m | £2.1m | 297.0% | £518,000 | £1.3m | 191 | £21.1m | n/a | £110,000 | -14.1% | 10.4% | £187,200 |
| £29.2m | £40m | £13.9m | 176.9% | £184,000 | £798,000 | 201 | £18.6m | 54.1% | £93,000 | 3.9% | 6.9% | £166,500 |
| £3.8m | £7.4m | £10.4m | n/a | £243,000 | £1.5m | 302 | £19.4m | -7.5% | £64,000 | 4.1% | 10.2% | £110,300 |
| £49.8m | £166.8m | £9.7m | 197.9% | £360,000 | £1.5m | 262 | £18.6m | -12.5% | £71,000 | 1.1% | -7.1% | £119,000 |
| £38.8m | £237.8m | £17.8m | n/a | £540,000 | £1.6m | 177 | £18.9m | -15.2% | £107,000 | 1.6% | -4.8% | £170,900 |
| £28.5m | £33m | £14m | 394.0% | £387,000 | £2.7m | 194 | £14.5m | 1.6% | £75,000 | 1.4% | 1.0% | £147,800 |
| £9.9m | £8.4m | £8.7m | n/a | £201,000 | £542,000 | 180 | £14.5m | -78.5% | £81,000 | -28.8% | 8.4% | £141,800 |
| £2.8m | £4.1m | £4.5m | 1.2% | £311,000 | £816,000 | 287 | £7.9m | -12.4% | £28,000 | -2.1% | -5.0% | £84,400 |
| £12m | £32.9m | £11.6m | 952.0% | £256,000 | £786,000 | 271 | £13.1m | 81.1% | £49,000 | 14.5% | 26.6% | £82,900 |
| £129m | £26.3m | £7m | 111.9% | £253,000 | £1.4m | 261 | £11.5m | 3.3% | £44,000 | -6.5% | -0.8% | £79,300 |
| £5.7m | £23.8m | £9.5m | 53.0% | £181,000 | £969,000 | 231 | £10.1m | 13.3% | £44,000 | 3.4% | 12.1% | £83,900 |
| n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| £14.7m | £50.1m | £14.9m | 290.5% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| £1.4m | £8.5m | £1.7m | 2542.6% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| £1.6m | £18.9m | £2m | 7.7% | £236,000 | £585,000 | 287 | £6.8m | 0.0% | £24,000 | 0.0% | 0.0% | £57,800 |
| £20.2m | £15.1m | £7.4m | 16.1% | £703,000 | £4.2m | 47 | £8.8m | 4.6% | £188,000 | 35.3% | 6.8% | £347,900 |
| £118,000 | £3.4m | £1.9m | 121.8% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

# Focusing in on the future

As new regulatory and financial influences take shape in the broking world, it's more difficult than ever to predict what the coming year will hold. Mark Leftly takes the long view

NEW GOVERNMENT means new bureaucracy. In the wake of the economic crisis, the newly installed coalition has decided to radically overhaul the way the City and its financial institutions are regulated.

The economy will remain a huge concern for the insurance industry, with customers still price sensitive and margins therefore inevitably squeezed, but it is regulatory change that brokers will be keeping their beady eyes on over the next 12 months.

In June, chancellor of the Exchequer George Osborne confirmed plans to abolish the Financial Services Authority. The FSA had been widely criticised for its failure to properly police the City in the risk-taking days that led to the start of the credit crunch in 2007.

Brokers have until October to voice their opinions in a Treasury consultation document on exactly what form the new system will take.

Although the FSA will not be abolished until 2012, it is over the coming year that the details of its successor bodies will be fleshed out.

It is not yet settled whether broking will fall within the remit of the Prudential Regulatory Authority – which will become part of the Bank of England – or be the reponsibility of the Consumer Protection and Markets Authority. The latter would make more sense, because it is likely to include hot topics such as the alleged mis-selling of payment protection insurance (PPI).

Either way, broking should receive greater and better quality attention from regulators since it will not be lost among many issues overseen by one overbearing FSA.

"We would like to see more broker-centric regulation," argues industry body the Institute of Insurance Brokers' chief executive, Barbara Bradshaw. "Brokers have felt that in general the FSA is a great big melting pot that's in with the insurers and the banks."

The knock-on effects of the PPI scandal are expected to become even more acute. Already some brokers have found their levies to the Financial Services Compensation Scheme (FSCS) increasing by 800%. And with 6,000 new claims expected this year – up from barely 600 in 2008/09 – those costs could get worse.

**'Brokers have felt that in general the FSA is a great big melting pot that's in with the insurers and the banks'**

**BARBARA BRADSHAW, IIB**

The deep and widespread concern felt about this increase has sparked *Insurance Times*' Fair Fees campaign.

Although few believe brokers should bear the brunt of this cost, given that hardly any companies in the broking community profited from PPI, it may well be the sector within the insurance industry that suffers most.

Bradshaw believes that "quite a few brokers" could end up bankrupted by the exorbitant costs. "How are they going to manage further [FSCS] increases when the market is so soft?" she asks.

Andy Watson, head of UK retail at Belgo-Dutch group Fortis Insurance, agrees. "Brokers in particular have been hard done by," he says. "The increased FSCS fee has been, and will continue to be, material and have an impact on [Fortis' subsidiaries] RIAS and FIS."

The backdrop for the increased FSCS levy is the ongoing weakness of the economy. Bluefin chief executive Stuart Reid says there is even "a chance of the situation getting worse".

Bluefin found much of the pressure last year was felt by small and medium-sized businesses, but cost-cutting could spread to larger corporate customers as they become just as price-sensitive when shopping for policies and advice.

The new coalition government certainly faces its own pressure this year – to find some way to relieve the financial misery that spills into the insurance sector. **IT**



## BUBBLING UNDER: WHO'S KNOCKING ON THE TOP 50 DOOR?

A few years ago, business insurance and commercial finance portal Xbridge's 2009 figures would have secured it a place in the Top 50. If it continues its current rate of growth it will surely appear in next year's table. Xbridge has made significant progress in 2009, with top-line growth of 39% as it moves towards profit. Breaking new ground is not easy and trying to emulate the online processing models of the personal lines market in the commercial sector has proved challenging.

**Lonmar chief executive Simon Rice**

**A&A Group chief executive Tony Allen**

**CBG goup managing director Mike Askew**

But this is not the only business to have been making progress. Lloyd's broker Lonmar Global Risks will almost certainly emerge in the Top 50 next year following its buy-out from Bluefin. We are awaiting Lonmar's 2009 accounts but are confident it will enter the Top 50 alongside Xbridge.

The Allen & Allen Group, an established non-standard motor broker that has broadened its business into other personal lines, has long been a possible Top 50 contender but we have struggled to analyse its accounts to compare them with other brokers. Unlike many brokers it presents its account with a cost of sales figure, which has traditionally been interpreted as being premiums payable to insurers. But it is apparent that with changing business models, brokers with high acquisition costs are classifying these as cost of sales rather than operating expenses. We expect to see A&A in the next Top 50.

Insure & Go is another example of a broker that treats acquisition costs differently, but with further examination of its details we also expect it to feature in next year's Top 50.

### Unsung heroes

So what about businesses that are just plain doing well, whose development is steady rather than spectacular. They are the unsung heroes, held back from the Top 50 by the recession in 2009, which we believe will pick up in 2010 and 2011:

- Norwich-based Alan Boswell Group, which has achieved steady growth across all areas of business, including personal lines, while maintaining good margins and not straining its balance sheet. Being dominant in a geographic market has its rewards.
- Aston Scott, which continues to achieve steady growth with a mixture of organic development and acquisition of businesses and teams. What differentiates it is that having made acquisitions it concentrates on them and builds them out so that they start to fulfil their potential before management move onto their next initiative.
- Academy's growth, slowed by the recession, keeps it in the up-and-coming group. With renewed growth and increased activity as the economy starts to grow again, we expect its performance to pick up and gain it a ranking.
- CBG, the AIM-listed broker, whose business underwent reorganisation and retrenchment in 2009. Expectations for 2010 and 2011 are that it will be moving ahead again.
- F Wilson, which has achieved steady growth in the personal lines sector and could easily break into the Top 50 in 2011.
- Agria Pet Insurance, acquired in 2007 by Swedish insurance group the Länsförsäkrings Alliance, has maintained steady growth in its specialist sector and could enter the Top 50 in two or three years' time.

**James Simpson, IMAS**