

BUSINESS INSURANCE®

July 15, 2013

www.businessinsurance.com

**SPECIAL
REPORT**

WORLD'S 10 LARGEST INSURANCE BROKERS

Ranked by 2012 brokerage revenues

Rank	Company/address	Phone/website	Chief executive	2012 brokerage revenues	% change	2012 employees	2012 offices	Percentage of revenue*							
								Commercial	Wholesale	Reinsurance	Employee benefits	Personal lines	Services	Investments	Other
1	Marsh & McLennan Cos. Inc. 1166 Ave. of the Americas, New York, N.Y. 10036	212-345-6000 www.mmc.com	Daniel S. Glaser, president/CEO	\$11,924,000,000	3.5%	54,000	567	43.8%	N/M	9.1%	34.7%	N/M	12.2%	0.5%	0.3%
2	Aon P.L.C. 8 Devonshire Square, London, England EC2M 4PL	44-207-623-5500 www.aon.com	Gregory C. Case, president/CEO	\$11,476,000,000	2.2%	66,000	500	46.7%	N/M	13.1%	19.3%	N/M	20.6%	0.3%	N/M
3	Willis Group Holdings P.L.C. 51 Lime St., London, England EC3M 7DQ	44-203-124-6000 www.willis.com	Dominic Casserly, CEO	\$3,458,000,000	1.3%	17,500	400	50.8%	5.4%	24.1%	15.1%	2.1%	1.9%	0.5%	0.1%
4	Arthur J. Gallagher & Co. The Gallagher Centre, Two Pierce Place, Itasca, Ill. 60143-3141	630-773-3800 www.ajg.com	J. Patrick Gallagher Jr., chairman/president/CEO	\$2,385,000,000	14.0%	13,707	350	33.7%	17.1%	N/M	18.9%	2.5%	22.5%	5.3%	N/M
5	Wells Fargo Insurance Services USA Inc. 150 N. Michigan, Suite 3900, Chicago, Ill. 60601	312-423-2500 wfis.wellsfargo.com	Laura Schupbach, executive vice president and head of insurance	\$1,575,444,000	(3.2%)	7,041	127	40.6%	0.1%	N/M	15.3%	15.5%	17.8%	0.8%	9.9%
6	BB&T Insurance Holdings Inc. P.O. Box 31128, Raleigh, N.C. 27622	919-716-9777 www.insurance.bbt.com	H. Wade Reece, chairman/CEO	\$1,480,274,900	34.1%	6,402	117	37.5%	40.9%	N/M	10.1%	6.4%	N/M	0.6%	4.4%
7	Jardine Lloyd Thompson Group P.L.C. ¹ 6 Crutched Friars, London, England EC3N 2PH	44-207-528-4444 www.jltgroup.com	Dominic Burke, group chief executive	\$1,404,834,420	7.6%	7,580	82	45.6%	7.9%	13.8%	23.1%	1.1%	7.0%	0.8%	0.7%
8	Brown & Brown Inc. ² 220 S. Ridgewood Ave., Daytona Beach, Fla. 32114	386-252-9601 www.bbinsurance.com	J. Powell Brown, president/CEO	\$1,400,362,797	20.6%	7,257	241	53.8%	13.2%	1.1%	16.4%	5.5%	9.1%	0.1%	0.8%
9	Lockton Cos.³ 444 W. 47th St., Suite 900, Kansas City, Mo. 64112-1906	816-960-9000 www.lockton.com	David M. Lockton, executive chairman; John L. Lumelleau, president/CEO	\$1,007,150,000	11.4%	4,950	62	63.1%	5.6%	3.3%	26.5%	0.5%	N/M	0.9%	N/M
10	Hub International Ltd. 300 N. LaSalle St., 17th Floor, Chicago, Ill. 60654	312-279-4882 www.hubinternational.com	Martin P. Hughes, chairman/CEO	\$988,687,335	12.6%	6,167	295	56.9%	5.4%	N/M	15.5%	21.2%	0.9%	0.1%	N/M

* Percentage of revenue may not total 100% due to rounding. N/M = Not meaningful. 1 British pound = 1.6181. 2 Pro forma to include July 1, 2013, acquisition of Beecher Carlson Holdings Inc. 3 Fiscal year ending April 30.

2012 gross revenue: \$1.02 billion
Percent change: 11.2% ▲2012 brokerage revenue: \$1.01 billion
Percent change: 11.4% ▲

There is reason to celebrate at Lockton Cos.

The Kansas City, Mo.-based broker recently exceeded a significant milestone, tallying more than \$1 billion in annual revenue for 2012.

The privately owned property/casualty and employee benefits broker exceeded the \$1 billion mark for the first time by logging an unexpected \$100 million in additional revenue for 2012, the company said.

It produced \$1.01 billion in brokerage revenue during 2012, up from \$904.4 million the prior year, placing it ninth in *Business Insurance's* 2013 broker rankings.

Lockton is known for being a well-run company that is producer focused with an entrepreneurial environment, said Timothy J. Cunningham, managing director of Chicago-based investment banking and consulting firm Optis Partners L.L.C.

That allows Lockton to attract talented producers who have large broker expertise, but don't want to be hindered by a large-broker environment, Mr. Cunningham said.

Lockton also has an advantage as a privately owned broker, Mr. Cunningham said. The company is not beholden to quarterly reports or a private equity firm. That allows Lockton greater freedom to invest in its people and infrastructure, he said.

That shows in Lockton's revenue growth.

"We are feeling very good about it," said David Lockton, chairman of Lockton. "There is pretty much all good news at Lockton right now."

The growth was all organic and flowed from U.S. and global operations, Lockton said.

"Growing at 11% organically in an environment where economic turmoil continues to buffet our clients and the markets is a significant achievement," said John Lumelleau, president and CEO of Lockton. "While we are proud of the \$1 billion milestone, we are even more proud about how we have realized it,



David Lockton,
chairman

taking a consistent approach to solving (client) business problems where we do business around the world."

Serving U.S. clients generated 74% of Lockton's 2012 brokerage revenue, with the remainder from non-U.S. clients, as the company's global reach gradually expands. For instance, Lockton last year

opened offices in Australia and in the United Arab Emirates.

Lockton now has offices in 20 states and operates in other countries such as Brazil, China, Mexico, and the United Kingdom.

While international expansion has helped add new business, the company's success and growth is rooted in retaining customers by listening and responding to their needs, the broker said.

"We have always believed that our growth is first driven by the retention levels we are able to achieve, with industry-leading levels in excess of 95%," Mr. Lumelleau said. "It gives us an excellent jumping-off point (for growth) at the beginning of every year."

While Lockton's strategy remains focused on organic expansion, it will be opportunistic should the right acquisition opportunities emerge, its leaders said.

But growth also has meant that finding Associates capable of meeting Lockton's standards and selection process is now the company's biggest challenge, its leaders said.

"We developed a tremendous track record for attracting great people and, as we get larger, that becomes more difficult," Mr. Lockton said. "It's not an easy job and we have to make sure we stay the course and that we are very rigorous in our recruiting and selection process."

Lockton reported 4,950 brokerage Associates in 2012, up from 4,450 in 2011.

Clients, meanwhile, are demanding greater analytic sophistication from the broker, Mr. Lockton said. That trend over the past several years also has required Lockton to contin-

ually innovate.

For example, some years ago, Lockton developed a tool called InfoLock® to help clients analyze and mitigate employee benefit claims costs, Mr. Lumelleau said. InfoLock's capability has now been extended to provide "deep-dive" analysis into workers' compensation claims cost drivers.

"So we have transcended the employee ben-



"Growing at 11% organically in an environment where economic turmoil continues to buffet

our clients and the markets is a significant achievement."

John Lumelleau,
Lockton Cos.

efits segment of our business with analytics, bringing it into our property/casualty retail business with InfoLock and workers' compensation," Mr. Lumelleau said. It's the "same approach: analyze claims, benchmark performance and adjust risk control approaches to drive down total cost of risk."

Overall, Lockton attributes its success to such services that help clients improve their businesses, Mr. Lumelleau said.

"It's all about helping clients make better, more well-informed decisions," Mr. Lumelleau added.

By Roberto Cenicerros



LOCKTON®

www.lockton.com