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Top 50 Brokers 2012

Marsh knocks Aon off the number one spot

TOP 50 BROKERS

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Liz Bury
Top 50 editor

The UK's top 50 largest insurance brokers are doing something right. The combined revenue recorded by the ranked businesses has grown in each of the past four years. The Top 50 has surpassed itself this year, recording the highest revenue increase since 2008.

That's nothing short of remarkable, given the backdrop of a general economy that has been pitching and yawing in and out of recession. Not to say that brokers haven't suffered their fair share of pain. There have been company failures, job losses and cost cutting. Everybody has to graft harder nowadays to win and retain business. Margin growth is even tougher to achieve, since any quick wins have mostly already been booked (see analysis, page 11).

But the Top 50 shows that the UK broking community manned up. Marsh, the broking powerhouse that has sensationally clinched the top spot this year, slapping rival Aon into third place, admits to having been close to chaos back in 2007 (see our interview with Martin South, page 16). It, like others, has had to take a long, hard look in the mirror. That JLT remains resiliently in the number two spot year-on-year is testament to its sharpened business practice.

Consolidation among the top-ranked brokers this year enabled certain smaller, entrepreneurial firms to show their mettle too, with five firms entering the Top 50 for the first time in 2012. How long before one of these Johnny-come-latelys is challenging for the top spot?

Contents

Strength in personal lines is welcome

The personal lines market is leading the way as the internet changes customer behaviour

At its most basic level, the general insurance market can be split into personal lines and commercial. Twenty years ago, when I founded IMAS to specialise in mergers and acquisitions advice to the insurance industry, all the talk was of Direct Line. Finding buyers for personal lines brokers was almost impossible while the market was in the thrall of the direct revolution. Numerous copycat propositions emerged that struggled for market share without any real unique selling proposition.

The personal lines market continues to evolve at a remarkable pace, driven by the internet revolution and changing customer behaviours. In contrast, the world of the commercial broker – from an international reinsurance broker to a commercial broker in a provincial town – is mostly unchanged over the past two decades. Sedgwick sold to Marsh in 1998 and a venerable name was lost to the market, but the proposition remains pretty much the same. And while Peter Cullum was yet to set off on his extraordinary acquisition journey with Towergate, the broker's customers are still being handled in a similar manner to 10 years ago.

What happens in the personal lines market is important, as these developments feed through to the commercial market. Two decades ago smaller businesses had face-to-face relationships with their local high-street broker. Now, many relationships are conducted over the phone with little regard for the geography of the broker.

A revolution brewing

One of the most telling results of attempts to provide commercial insurance over the internet is how these attempts have mainly failed without active telephone support. The generation of people that trusts the internet more than the phone is probably still 10 years away from being the buyers of commercial insurance.

The clear lesson of the personal lines market is the triumph of the aggregators. Or is it? The most surprising feature in the Top 50 brokers is the success of many of the personal lines brokers that apparently follow an outmoded business model: A-Plan with a 40%-plus EBITDA margin, Swinton increasing turnover by 18% and margins by 33%, Be Wiser achieving more than 40% organic growth year-on-year.


Olly Laughton-Scott is a partner at IMAS

Twenty years ago, Direct Line was forced to constrain its TV advertising because it did not have the capacity to service the calls. The internet has largely removed this constraint for aggregators. With no operational constraints this leaves aggregators to slug it out among themselves, with success apparently going to the one with the catchiest gimmick. But as with an overpopular tune, catchy gimmicks eventually become irritating.

The internet provides the opportunity to create a sense of community, with a focused offering to a particular customer group generating all-important engagement with the brand. Aggregators have created brand awareness but limited brand value, as consumers typically use the site that is being most heavily promoted at the time.

Aggregators are also vulnerable to specialist offerings, especially those that are reinforced by effective telephone contact. A-Plan, Swinton and Be Wiser have all succeeded in engaging with their clients.

The internet allows a focused business to engage with their customers in new ways. Groupon, the deal of the day website, provides an interesting model of how to use the internet in innovative ways to interact with customers. But affinity businesses, with their understanding of specific markets and an engaged customer base, are better placed than Groupon to come up with appealing offerings that can increase customer buy-in and create a revenue stream.

The massively increased bandwidth of the internet compared to the telephone eventually meant that Direct Line could no longer dominate the personal lines market. The internet provides a powerful way to engage with specific client groups.

The internet revolution continues to change buying habits, but I believe engagement with focused customer groups, both personal lines and commercial, supported by an appropriate internet presence is a greater driver of long-term value than the emphasis on brand recognition pursued by the aggregators.

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Top of the pile

The brokers with the most impressive results this year are selected for special mention as IMAS's winners. Miller, A-Plan and Aston Scott have swiped the top spots this year

1

Miller

Brokerage £102m
EBITDA £20m

The average brokerage growth of the big four was about 8%. Miller achieved 22% organically, which is a real achievement when accompanied by a growth in EBITDA of more than 50%. This represents a payback for a number of years of investment, and we expect Miller to continue to produce excellent results in the future.

Organic growth

22%

2

A-Plan

Brokerage £50m
EBITDA £20m

In 2011, A-Plan pushed its margins above 40%. We have always admired businesses with strong profits and A-Plan demonstrates that doing one thing well can make a great return for shareholders. While the market focuses on aggregators and the internet, A-Plan is a reminder that creating customer loyalty is key to success.

EBITDA margin

40%

3

Aston Scott

Brokerage £15m
EBITDA £4m

In commercial insurance, growth typically needs to be bought. Aston Scott has bided its time and has thus been able to grow the business by 73% thanks to a combination of organic and acquisition, twice from the administrators, without having to dilute the shareholders. Margins are at a creditable 25%.

EBITDA margin

25%

Swinton

Brokerage £329m
EBITDA £110m

Wholesale management change normally happens when the team has performed badly. In 2011, Swinton's brokerage increased by 18% and its EBITDA by 45%, to £109m. It would have been a contender for a medal but it is hard to award given that the operational board was replaced last December.

EBITDA growth

45%

Arthur J Gallagher

Brokerage £188m
EBITDA £30m

The business that has been the most active in the acquisition space. However, it has not submitted figures for the current year, so it cannot be judged on how much value is being built.

No new figures submitted

Bluefin

Brokerage £122m
EBITDA £17m

It has been a challenging period for the consolidator. It may be perverse, but Bluefin is included because although its revenue decreased by 8%, its EBITDA grew by 17%, reflecting a focus on the bottom line. Next year, other consolidators should report increased EBITDA as they strive to create value for their shareholders.

EBITDA growth

17%

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IMAS commends the brokers putting in a market-leading performance. The named businesses are notable for their outstanding performance in relation to market conditions and their peers. They shape the market through their energy and innovation, and create the most value for shareholders.

HONOUR ROLL OF THE PAST SEVEN YEARS

	First	Second	Third
2012	Miller	A-Plan	Aston Scott
2011	JLT	Brightside	OAMPS
2010	RK Harrison	Abbey Protection	Cooper Gay
2009	Kwik-Fit	Windsor	JLT
2008	Aon	Swinton	Windsor
2007	BGL	RK Harrison	Towergate
2006	Jelf	AA*	Towergate*

* Equal second

Hyperion

Brokerage £119m
EBITDA £26m

The acquisition of Windsor brings it into the £100m+ league for turnover and moving towards being a serious player with the possibility of a float. The challenge now is to create a single business culture. The quoted market has been a tough place for insurance brokers. It will be interesting to see if Hyperion rises to the challenge.

Brokerage growth

57%

Hastings

Brokerage £105m
EBITDA £21m

Hastings continues to do a great job. We understand that a significant element of the growth comes from bringing in an overseas entity to the group structure, but Hastings is a good example of a process-driven business creating value for its shareholders.

Acquistion-led growth

57%

Berry Palmer & Lyle

Brokerage £18m
EBITDA £7m

BPL has increased its EBITDA by 24% this year and now has a sparkling margin of 41%. While turnover increased only by 3%, it is investing in the future. It recently opened a second Asian office, in Singapore, with co-founder Anthony Palmer relocating from London to head the effort.

EBITDA margin

41%

Be Wiser

Brokerage £17m
EBITDA £2m

From a standing start in 2007, this shows what a management team that has done it before (at A Quote) can achieve in the changing world of personal lines. The secret? Good old-fashioned customer engagement from experienced staff. The reward? Forty-three per cent compound growth. Real value creation. On the podium next year?

Compound growth

43%

NOTES

CRITERIA

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

Growth
This is clearly a key factor. It is, however, not purely a drag race but one where overall increases in shareholder value are reflected and we therefore focus on organic and acquisition-led growth that creates value rather than merely size.

Margin
Sustainable margin is just as important as sustainable growth. Recovery to acceptable levels of profit following a poor year, while commendable, is unlikely to win an award.

Peer performance
Where a sector has turned in excellent results, we have to look at the impact of a potential cycle and discount this influence as is regularly seen in the stock markets. It is individual excellent performance against peers that counts.

Past success
While not impossible, we have yet to choose the same company as the winner in consecutive years. This reflects the dynamic market and range of different activities undertaken.

REST OF THE BEST

We have not sought to rank the seven firms outside the top three, but have highlighted what has been outstanding, working from the largest to smallest by turnover.

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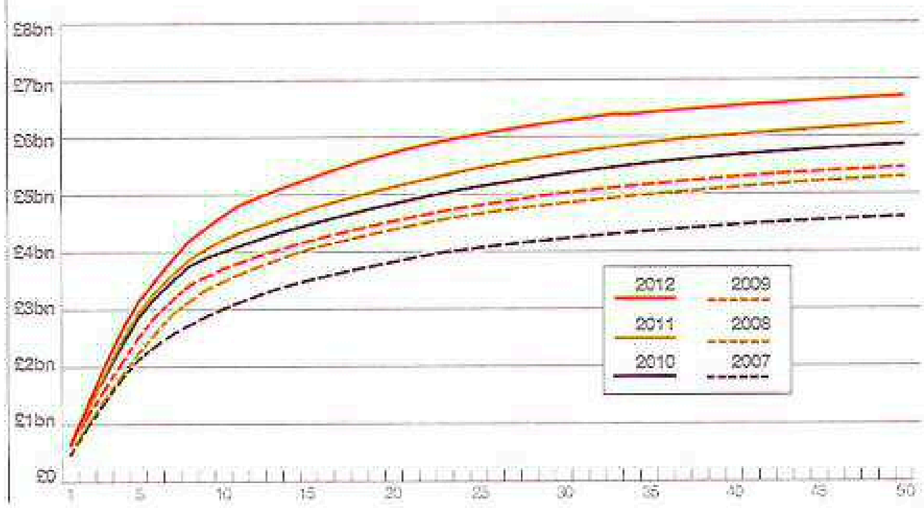
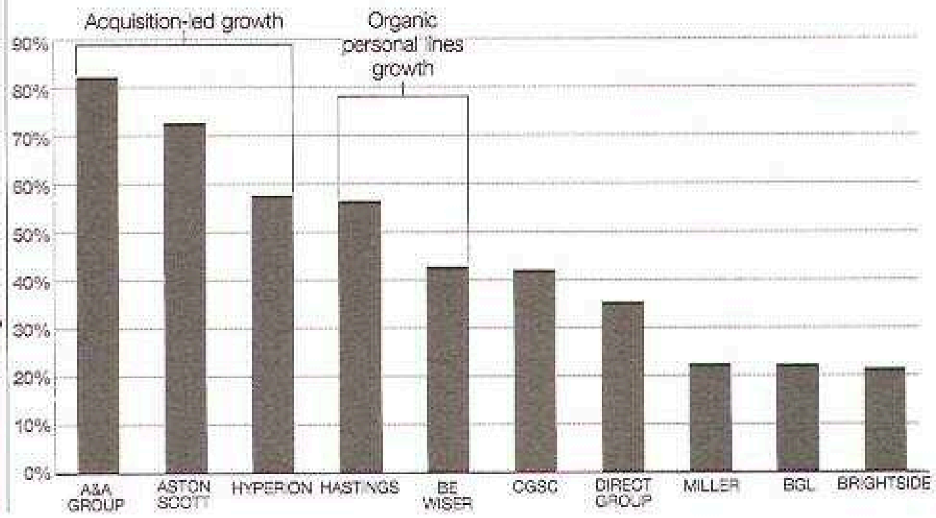
Top 50 grows at highest rate since 2008

Consolidation allows space for six new entrants this year

PERSONAL LINES LED THE GROWTH THIS YEAR
TOP 50 CUMULATIVE REVENUE



ACQUISITIONS DRIVE FASTEST GROWERS
FASTEST GROWING TOP 10 BY BROKERAGE



DATA SOURCE: IMAS-insight

The past year has witnessed more change than any other year in which this analysis has been conducted. The top four are tightly bunched and have shuffled around, there are six new entries and almost every entrant outside the top 10 has changed its ranking.

What has caused this movement? The mergers and acquisitions market has been busy: Gallagher, Hyperion and The A&A Group have completed transactions that have moved them up the table. Ageas has reported all its retail businesses as one unit rather than three (Kwik-Fit, RIAS and Ageas Insurance Solutions), while CCV is now amalgamated with Towergate following the Advent investment into the group last year. Elsewhere, smaller brokers have been growing organically as well as through acquisition and achieved first-time entry into the top 50.

Income growth

The Top 50 has continued its overall growth and, with it, the consolidation around the middle to larger entities. The cumulative revenue chart highlights this growth and illustrates the consolidation around businesses ranked 10 to 30 in the table. The 2012 top 50 constituent members' like-for-like growth has been 9.4%, to an aggregate £6.7bn of brokerage income, which compares with the slightly lower increase of 8.5% in the 2011 top 50 aggregate revenue – the highest annual growth rate since 2008.

Within this cumulative growth there is considerable variation. This year, the personal lines sector has led the growth, with 12.5% compared with 5.4% last year (see graph, page 12). The main drivers have been BGL, with 22.4% growth, and Swinton, with 18.3% – significant numbers given the size of these businesses.

London market companies have continued to grow, 9.6% this year (4.1% last year), with fewer material acquisitions. But there has been good income development by larger businesses: Marsh up 12.3%, JLT up 10.9%, and Willis up 6.1%. The Cooper Gay Swett & Crawford merger has now worked its way fully through, increasing its combined revenue by 42.1% to £221.9m. The star London broker has to be Miller, with a 22.5% increase in revenue, all achieved organically.

The commercial sector has had a difficult year, with aggregate growth down from 5.7% to 2.3%, as a result of the tough economic conditions experienced by clients.

We have long pondered the impact of the aggregators on the personal lines sector but, based on these results, it would appear they are not hindering the income development of larger personal lines brokers. Some personal lines brokers with good growth don't use aggregators – A-Plan and Be Wiser, for example – and pursue different strategies with great success. We will look at their profitability later in the review.

The leading individual growth stories (see graph, left) show that the top three are >

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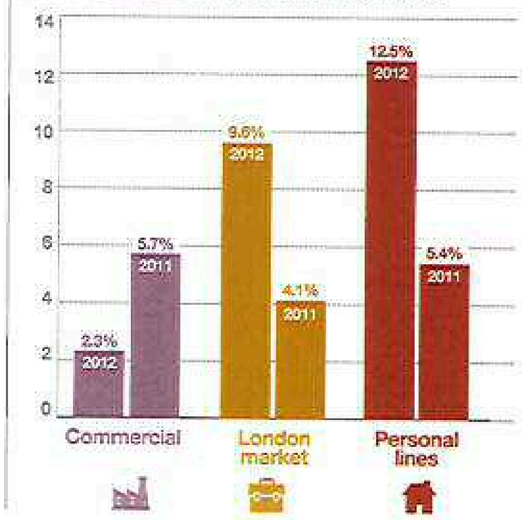
COMMERCIAL LINES HAD A DIFFICULT YEAR
SECTOR GROWTH RATE 2011/12



acquisition-led. The A&A Group was quick off the blocks. Investment by private equity brought the group together, boosting income by 82.2% compared with A&A on its own last year.

Aston Scott comes into the top 50 for the first time after its 2011 acquisitions raised its annualised income by 72.7%. Focused on the south of England, it acquired businesses from Cobra and from the administrators of Riverbourne and Francis Townsend & Hayward.

The third highest growth is from Hyperion: as a result of its acquisition of Windsor, income increased by 57.7%. It is good to see that the next two largest growers – Hastings and new entrant Be Wiser – are both organic and in the personal lines sector, proving that opportunities can still be developed with the right proposition. Be Wiser's growth has been fairly consistent for the past few years, achieving 42.9% for last year on the back of similar or better growth in the past three years. This was entirely organic and a great achievement in a competitive sector of the market. Three other top 10 organic growth companies include Miller, BGL and Brightside.

The other new entrants to the top 50, apart from Be Wiser and Aston Scott, are Xbridge, which enters at number 41; Direct Group at 42, following its acquisition of Simple Insurance; and Lycetts. Kerry London re-enters the top 50 having dropped out in 2010.

Profits and margins

The results for this year's Top 50 show that even in difficult economic times UK brokers can still turn in good profits. Aon has continued last year's achievement of improving its EBITDA margin, up to 21.1%, and nudging in front of JLT, at 20.5%. Despite these two good performances both businesses are still outside the top 10 most profitable performers. Top place goes to Berry Palmer & Lyle (BPL), closely followed by A-Plan – both beating last year's top-ranked Abbey Legal, which is now third following a decline in its margins.

The focus on improving profitability and margins is clearly notable when comparing the best margins this year with those of five years ago. All have improved at each ranking in the table. In 2007, Towergate was ranked first, with profitability margin of 36.4%. It has maintained this in 2012 at 36.3%, but is now ranked fourth. Looking at the personal lines sector and having noted its income growth despite the prevalence of aggregators, we find that aggregate earnings margins have been maintained, reaching 17.4%, compared with 17.3% last year. Within this, Swinton grew its EBITDA by £33.8m on last year, increasing its margin to 33.3%, from 27.4%.

Looking at individual performances year-on-year, the business that has increased its margin the most is Brightside, moving up from 15% to 23% following good income growth. BPL not only has the best margin in the sector but has raised it in the past year by almost seven percentage points to 41%. Evidence shows a wide-ranging focus by companies on their profitability, with personal lines, commercial and other London brokers featuring in the top 10 improvers.

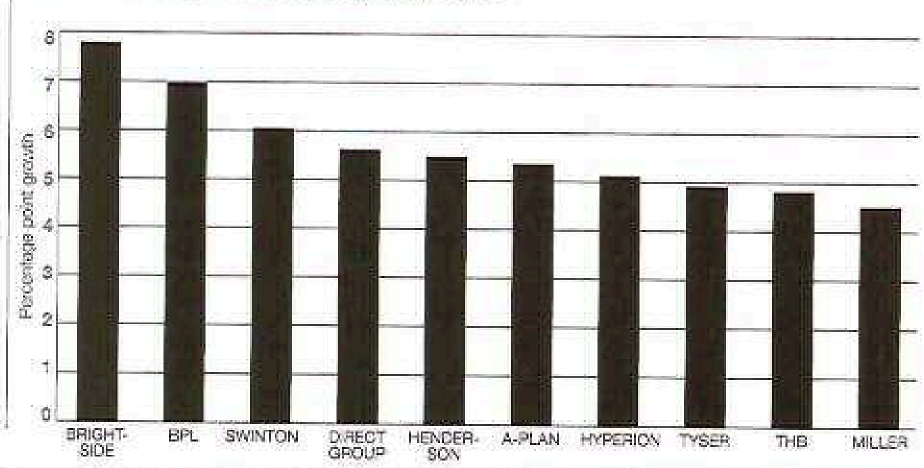
Next in the table are businesses with more substantial margins but still achieving improvements – Swinton up six points to 33.3%, Direct Group up 5.6 points to 32.8%, Henderson up 5.5 points to 13.3%, A-Plan up by 5.3 points to a remarkable margin of 40.2%, Hyperion (including Windsor, a previous top performer in this category) up to 21.6%. Three other London brokers, Tyser, THB and Miller, have all achieved increases of five percentage points or so.

Employees

It is a clean sweep for the London brokers in the top 10 highest income per employee league, not unexpected given previous years' performances (see graph, page 14). BPL still leads the market by a considerable margin, with £361,400 per employee, with the rest of the top 10 turning in a more normal performance profile. Aon's performance at £177,600 is notable for a big four broker although comparable current-year data could not be obtained for the others. Prior-year performance would suggest that the others would rank just outside the top 10. The contrast to five >

MARGINS HAVE IMPROVED OVER FIVE YEARS
TOP 10 EBIDTA MARGIN RANKINGS 2012 VS 2007

BRIGHTSIDE IMPROVED ITS MARGIN THE MOST
EBIDTA MARGIN IMPROVEMENT 2012



DATA SOURCE: IMAS-insight

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years ago is interesting, as it shows that apart from BPL there has not been a widespread increase in productivity.

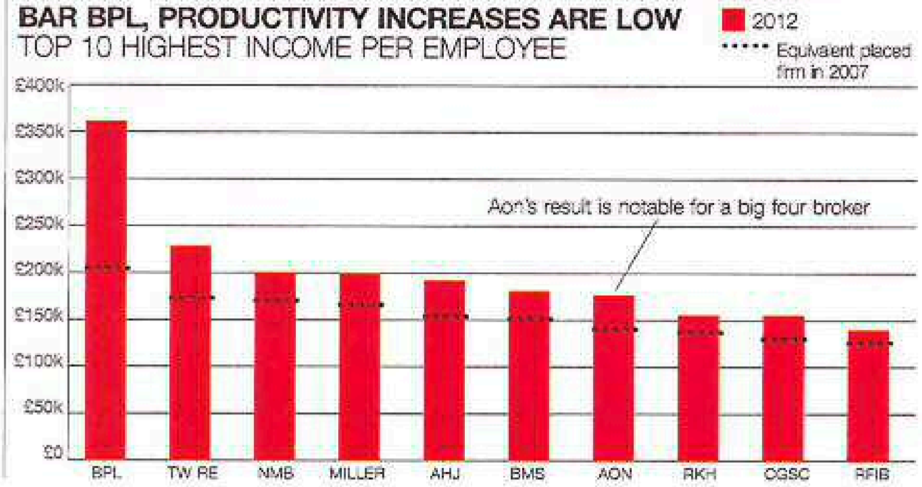
Towers Watson Reinsurance (TW Re), at £228,900, is 30.2% better than its counterpart in 2007, AHJ is 23.6% better, and Aon, at 23.2%, shows some improvement on its 2007 counterparties. But the remainder of the top 10 shows relatively low improvements on five years ago. Only so much can be done in cost cutting. London brokers will need to make more effort to improve productivity, especially as the market does not look as if it will drive up rates and help them to greater profitability.


James Simpson is a partner at IMAS

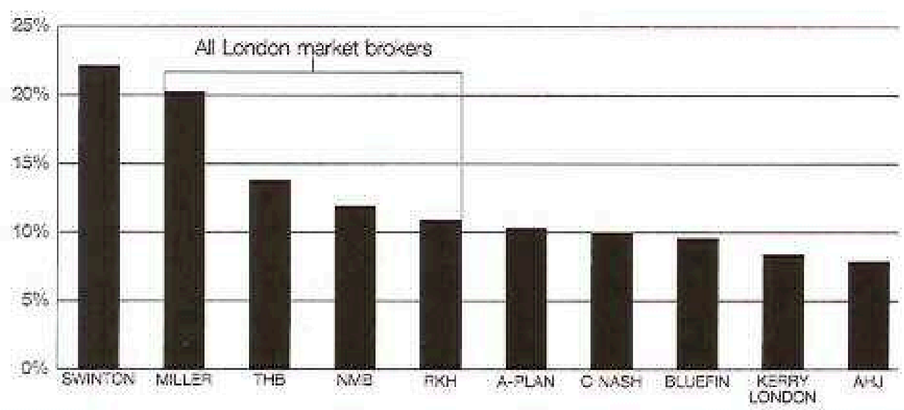
Individual company performance does, however, show some encouragement in London brokers' income per employee. While the top improver is Swinton, the next four are all London brokers. Miller improved by 20% and RK Harrison by 10.9%. NMB's conversion to an LLP could be a factor in their improvement, changing the culture sufficiently to drive through improvements because, otherwise, it would hurt its profit participations.

It is good to see personal lines businesses being able to generate improved productivity, with Swinton topping the list with a 22.1% improvement, and A-Plan and Carole Nash boosting performance by more than 10%.

BAR BPL, PRODUCTIVITY INCREASES ARE LOW
TOP 10 HIGHEST INCOME PER EMPLOYEE



LOW IMPROVEMENTS POINT TO THE LIMITS OF COST-CUTTING
TOP 10 IMPROVEMENT IN INCOME PER EMPLOYEE



DATA SOURCE: IMAS-Insight

Bluefin's improvement, at 9.6%, is also noteworthy for a consolidator and links in with its improvement in EBITDA margin noted earlier.

A direct correlation exists between the brokers with the best income per employee and those with the best profit/EBITDA per employee. The order of the top 10 changes a little but is still led by BPL and TW Re. Others feature in the top 10, such as Miller, Towergate, A-Plan and OAMPS, where the culture is to drive a bottom line rather than only a top one, albeit for varying reasons.

Balance sheets

The most significant feature of the broking market's balance sheet is the amount of goodwill that is valued on them. Looking at disclosed figures, for either the current or prior year, there is £3.4bn of goodwill in the balance sheets of the top 50 brokers. The aggregate shareholders' funds on the same basis totalled £3.7bn – this makes for a slim aggregate solvency margin.

The picture appears better when in respect of the potential market value of the entire top 50, with an aggregate EBITDA of £1.26bn. Using a modest multiple of six gives an aggregate value of about £7.6bn.

These are rough figures given that not all entities have provided full information, but are enough to feel that while the balance sheets are not necessarily that robust in aggregate, there is plenty of value to play with. By and large, brokers do not require that much capital to trade successfully.

Year ahead

With the tailing off of motor premium increases and no evidence of upward movement on household (the impact of the recent weather conditions being unclear at the time of this review), the personal lines sector will be unlikely to maintain this year's performance. In fact, various regulatory and governmental pressures may make it harder for it to maintain its income volumes, particularly from non-core product sources.

The commercial sector is likely to continue to face tough trading conditions as the economy takes its time to emerge out of recession. A number of acquisitions will be likely in this sector. Businesses with funding may be able to take advantage of the conditions to acquire companies that feel an exit is preferable to continuing the struggle.

With evidence that Towergate has re-entered the market and Gallagher is continuing its acquisition trail in the commercial retail space, a material transaction or two could take place.

The London market is likely to remain steady, with international rates remaining stable although volumes may be affected. The catastrophe market has been recovering from an expensive 2011 and looks as though it will continue with the current rating levels. However, as already noted above, improvements in productivity will be needed to enable these brokers to maintain their bottom lines.

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The man behind Marsh

Taking Marsh from a slippery downhill slope to the UK's number one broker has been no mean feat for chief executive Martin South

By Saxon East

The Olympic spirit has certainly captured the imagination of Marsh UK and Europe chief executive Martin South. In the small talk prior to the start of the interview at Marsh's London headquarters, South says the UK can only prosper in a highly competitive globalised world, if it adopts the winning mentality of the Olympic athletes.

It's no wonder South is talking about being competitive. Marsh has just taken its very own broking gold medal after coming out on top of the *Insurance Times* Top 50 Brokers, squeezing out Aon into silver.

The number one accolade is a fitting way for South to sign off from his duties as UK chief executive, as he leaves to concentrate on his new European role. His successor is Mark Weil.

It wasn't always like this, though. When South arrived as boss of Marsh UK in 2007, the group was making a loss and tainted by the Spitzer scandal, a furore over brokers allegedly trying to ensure premium was placed with the insurer returning the highest commission.

But today the UK's top broking chief executive is ready to talk about this gigantic turnaround story. "Frankly, what was happening was almost chaotic," he admits.

South says the profit and loss account was all over the place, with not enough cash coming in and too much money being spent on wasteful projects.

One of the first things South did was to outsource part of the back-office operations to Capita, which transferred the business to its low-cost operation in India. South says: "That gave us an almost immediate lift at P&L level – and enough time to draw breath and think carefully about what next."

Next up was an intense scrutiny on all costs. For example, a "ridiculously expensive" advertising campaign was scrapped. "The budgets at that time were absolutely brutal," he says. "We would crawl over every line item and monitor everything."

South had tightened up spending and saved the company money, but his next challenge was to bolster revenues.

Marsh had negotiated a 3% commission uplift with clients and insurers, and South, along with his American bosses, successfully persuaded insurers and clients to make that gain permanent.

Perhaps most important of all, though, was transforming the culture of the company. South says "sales" had almost become a dirty word, but he changed the mentality, instilling a sales culture and leading by example to help land the big deals.

In the wake of the credit crunch and regulatory crisis, there was also an opportunity for Marsh to push its credentials much harder as a risk management practice, boosting another revenue stream. And as for Spitzer, only 3% of clients defected, an "astonishingly low number", South says, a pitch of surprise still evident in his voice four years later.

"We said to [clients]: some people somewhere in New York had done some bad things. Stick with us. You know me and trust me and we'll deliver," he says.

Underpinning all of these changes was South's collaborative approach to management and involving staff in the decision-making process. It's an interesting point because many US companies have a very top-down management style, where the bosses give orders and the staff follow. South says the autocratic leadership was needed when Marsh was in crisis, but as soon as the dust had settled, he changed tack.

"I was really pleased with the strong team culture we've had. It was not a dominate one-person-leader business. That's not my style. I like to work with the team and paint a picture of what we need to do, and have other people come up with what to do and encourage them and guide them."

During the interview, South repeatedly talks about the right culture in a company. It's no wonder, then, that Marsh has been quite choosy about acquisitions and getting that perfect business.

During the buy-out boom pre-2008, Marsh was scared off by some of the sky-high valuations. But Marsh seized the opportunity when HSBC decided to hive off its insurance broking arm. The deal was completed in April 2010 for £135m. Marsh began to reap the rewards from the deal last year, with the acquisition contributing £56.5m turnover to the results.

Seeing as HSBC has been a success, could there be more UK acquisitions? There were rumours last year that Marsh was close to snapping up Oval, but talk has it that any prospect of a deal fell down over price.

South is not one to delve into market gossip, but he is quite clear over the sort of expectations Marsh has when it comes to buying a company: 10% earnings growth in emerging markets, and about 4% or 5% earnings growth allied to, say, 2% expense growth in mature geographies.

Typically, Marsh has done deals at between six to eight times EBITDA (earnings before interest, tax, depreciation and amortisation), but "it depends on the quality of the franchise and the quality of the people", South emphasises.

Certainly, internally at Marsh, getting the best people is one of South's passions. To lure in top-quality graduates, Marsh pays the same as the big four accounting firms. And the promise of working for the UK's top broker has recently resulted in some 2,700 applicants for just 15 spots.

Marsh has definitely earned its place as the UK's number one broker, but you can be sure that the ultra-competitive Aon won't let its biggest rival get too far out of sight.

SNAPSHOT

THE MAN: MARTIN SOUTH

Age: 47

First job: Working for reinsurance broker Minet, now owned by Aon

Family: Married, father of five

Interests: Keen tennis player and skier

In his own words: 'I like to work with the team and paint a picture of what we need to do, and have other people come up with what to do and encourage them and guide them'

THE COMPANY: MARSH LIMITED

Brokerage: **£670m**

Employees: **2,700**

Market view: Marsh has turned itself around to become the UK's top broker. It is strong in corporate and mid-market, with potential for growth in SME.

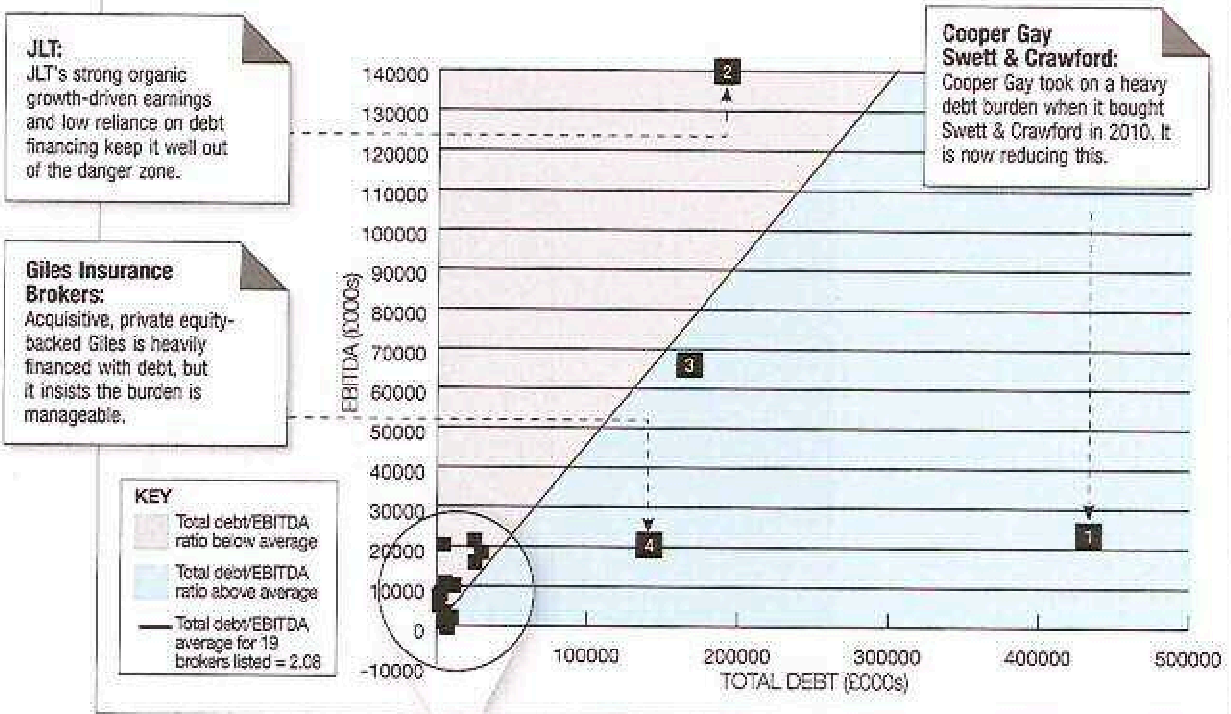
'We said to clients: some people somewhere in New York had done some bad things. Stick with us. You know me and trust me and we'll deliver'

The debt position

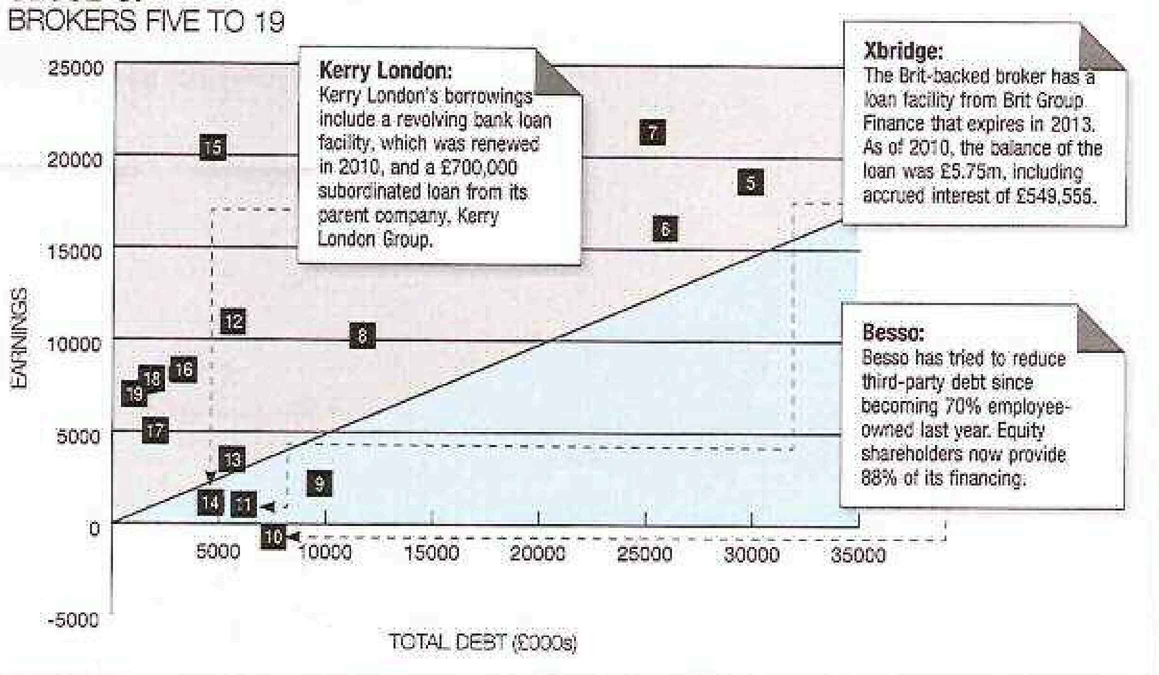
How do brokers' debt-to-earnings ratios stack up?

The debt-to-EBITDA ratio gives a rough guide for how long it would take a company to pay down its debt, assuming it remained constant. A total debt figure was available for 19 companies featured in this year's Top 50 Brokers. This group's average debt-to-EBITDA ratio was 2.08. Questions start to be asked when net debt (total debt minus cash and investments) exceeds between four and five times EBITDA, though this varies by company and business sector. Only five brokers recorded a net debt position: Cooper Gay Swett & Crawford (£258,696), Giles Insurance Brokers (£88,312), BGL Group (£57,410), Brightside (£15,993), and Lockton (£2,271).

DEBT-TO-EBITDA RATIO
BROKERS ONE TO FOUR



CLOSE-UP
BROKERS FIVE TO 19



DEBT RANKING

	Company	Total debt (£000s)
1	Cooper Gay Swett & Crawford	£433,271
2	JLT Group	£190,182
3	BGL Group	£169,781
4	Giles Insurance Brokers	£139,898
5	Brightside	£29,818
6	Endsleigh Insurance Services	£25,702
7	RK Harrison Group	£25,101
8	Jelf	£11,678
9	Lockton	£9,614
10	Besso Insurance Group	£7,442
11	Xbridge	£5,895
12	The A&A Group	£5,625
13	RFIB Group	£5,603
14	Kerry London	£4,899
15	A-Plan	£4,687
16	Abbey Protection	£2,947
17	Lark Group	£1,763
18	Towers Watson Reinsurance	£1,731
19	Berry Palmer & Lyle	£1,504

DATA SOURCE: IMAS-insight

Insurance Times.co.uk

Sectors: Personal | London | Commercial | New Entry

MARSH

2012 ranking: 1st (2011: 3rd)

Chief executive: Mark Weil

Brokerage: £678m

Sector: London

Management: Marsh has been catapulted to the top of the 2012 Top 50 Brokers league from third place last year, smashing Aon's six-year stranglehold on the number one spot. The coup comes on the back of Marsh growing its UK income by 12.3% in 2011. For Mark Weil, who joined as UK and Ireland chief executive in June this year, the big challenge will be maintaining pole position. As an insurance industry outsider, perhaps he has fewer advantages than some of his rival chiefs in the sector. But Weil does have pedigree.

A former member of the UK special forces, he joins from Marsh's sister company, management consultancy Oliver Wyman, where he headed financial services in Europe, the Middle East and Africa. Weil replaces Martin South, who has been made chief executive of Marsh Europe.

The broker's parent, Marsh & McLennan companies, has also performed well. In 2011 global revenue increased 9% to $11.5bn (£7.4bn) and after-tax profit was $993m compared with $855m in 2010. Global insurance services revenue totalled $6.3bn, an increase of 9% on the previous year.

Strategy: The US-based broker is thought to be poised to follow Aon in moving its headquarters to London to benefit from the UK's favourable tax regime for global insurers. Marsh has refused to confirm this.

In the meantime, Marsh has been streamlining its business. In June it sold four key portfolios of its Gibbs Hartley Cooper (GHC) wholesale business to rival broker RK Harrison. Marsh is refocusing GHC on providing wholesale services to third parties and Marsh's UK businesses.

Expertise: The London market broker operates in major insurance hubs worldwide, including Bermuda, Brazil and Singapore. It provides a comprehensive line-up of insurance and risk services – from political risk cover to trade credit – to businesses in a wide range of industries, including energy, entertainment, finance, media, sports and transport.

Big story: The broker has put forward a plan for UK flood insurance to replace the current Statement of Principles agreement between the ABI and government, which expires in June 2013. Project Noah would involve flood risks being pooled and reinsured. The ABI has also tabled a proposal, but the Department for Environment, Food and Rural Affairs has yet to decide on the replacement.

Mark Weil, UK and Ireland chief executive

FIND OUT MORE ONLINE
Go to **insurancetimes.co.uk** and search for:
Top 50 Brokers: Marsh

JLT

2012 ranking:
2nd — 2011 2nd

Chief executive:
Dominic Burke

Brokerage:
£675m

Sector:

Management: As chief executive Dominic Burke steers steadily through his seventh year in the post, Jardine Lloyd Thompson has maintained second place in the rankings, which it achieved last year, up from fourth in 2010.

The group continues to grow. Total revenues for 2011 were up 10% to £818.8m from £746.3m in 2010, while profit before tax rose 13% to £134.5m (2010: £119.4m). The first half of 2012 was also strong. Profits rose to £59.3m from £53.6m in the first half of 2011, and revenue climbed 7% to £441.7m, up from £411.3m.

Strategy: In contrast to many of its rivals, JLT's expansion has been organic and achieved without contingent commissions, which the firm does not accept. Instead it focuses on specialisms such as engineering and sciences, and profits well from risk management advice, rather than competing on price alone.

Burke believes there is no great need for JLT to expand through mergers and has vowed never to make transformational acquisitions. Instead, JLT is planning small bolt-on buys, funded from a £150m war chest, to expand its new Specialty division in the regions. The division opened offices in Nottingham and Reading this year and plans more, adding to existing locations in Birmingham, Leeds, London, Manchester and Southampton.

JLT's managing general agency business, Thistle Insurance Services, continues to disappoint both managers and analysts. In May last year JLT made Thistle chief executive James Gerry redundant, citing duplication in senior roles. It appointed his permanent replacement, former Footman James boss Paul Matthews, in July.

Expertise: JLT's three main business units are risk and insurance, employee benefits and Thistle Insurance Services. The group operates in 135 countries.

Big story: In February, JLT Specialty unveiled its JLT Speciality Risk Practice, which was formed in November 2011 when the UK regional broking arm and London-based global risks business merged. The unit is designed to draw JLT away from lower-end commoditised business and up the value chain into more profitable corporate niches. In the resulting shake-up, several managers left JLT's Global Risk Solutions: managing director Ron Hayes; head of placement and servicing Chris Tabbitt; and head of sales Warren Dann.


Dominic Burke, chief executive

FIND OUT MORE ONLINE
Go to **insurancetimes.co.uk** and search for:
Top 50 Brokers: JLT Group

Insurance Times.co.uk

Sectors
Personal London Commercial New Entry

TOP 50 BROKERS
IN ASSOCIATION WITH
IMAS QBE

AON

2012 ranking:
3rd ▼ 2011 1st

Chief executive:
Robert Brown

Brokerage:
£669m

Sector:

Management: Aon's demotion to third place in this year's Top 50 ends a number one ranking that began in 2006. Yet its slump in the rankings, based on UK income, coincides with the broker moving its global headquarters to London. From his office in one of London's newest skyscrapers, 122 Leadenhall Street, UK chief executive Robert Brown will no doubt be plotting his firm's route back to the top.

Strategy: Since Aon's last major UK acquisition was back in 2008, when it bought Benfield Group – then the world's third largest reinsurance broker – a large merger might be one path to restoring the broker's fortunes. Despite the slip in its UK ranking, the global Aon group has expanded. It increased after-tax profit 39% to $979m (£625m) in 2011, compared with $706m in 2010. Turnover also rose 33% to $11.3bn, thanks to commissions rising by one-third.

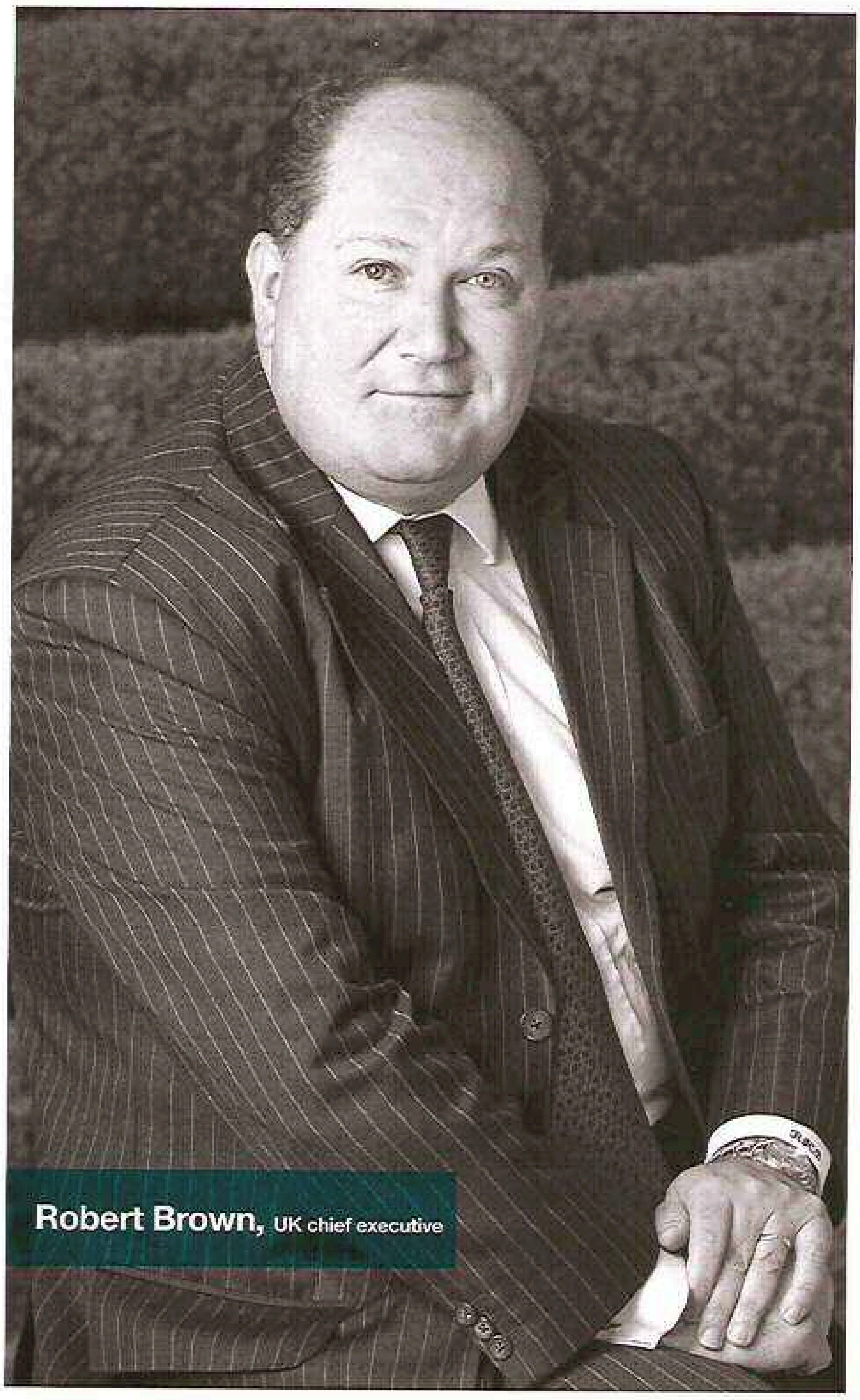
However, during the first half of 2012 after-tax profits dropped 4% as revenues from commissions and fees remained flat. Aon's most recent acquisition was the corporate broking business of Dutch bank ABN AMRO in April.

Expertise: Aon operates in more than 120 countries and offers the full range of insurance and risk management services to companies and individuals.

Big story: Aon's board of directors authorised a surprisingly large share repurchase programme of $5bn in April. This was accompanied by the first dividend rise in a decade, a 5% increase in the annual cash dividend paid quarterly on class A shares.

The buy-back, if used, would slash Aon's shares in circulation and could potentially boost value for remaining shareholders, as well as the personal wealth of directors. For four Aon board members relocating to the UK, this comes on top of a shared $6.5m compensation deal.

The buy-back may have been a result of tax savings resulting from the move to London, but the funds could have been invested in a growth-boosting acquisition.



Robert Brown, UK chief executive

FIND OUT MORE ONLINE
Go to insurancetimes.co.uk and search for:
Top 50 Brokers: Aon

Insurance Times.co.uk

Sectors: Personal, London, Commercial, New Entry

WILLIS

2012 ranking: 4th — 2011 4th

Chief executive: Dan Wilkinson

Brokerage: £617m

Sector:

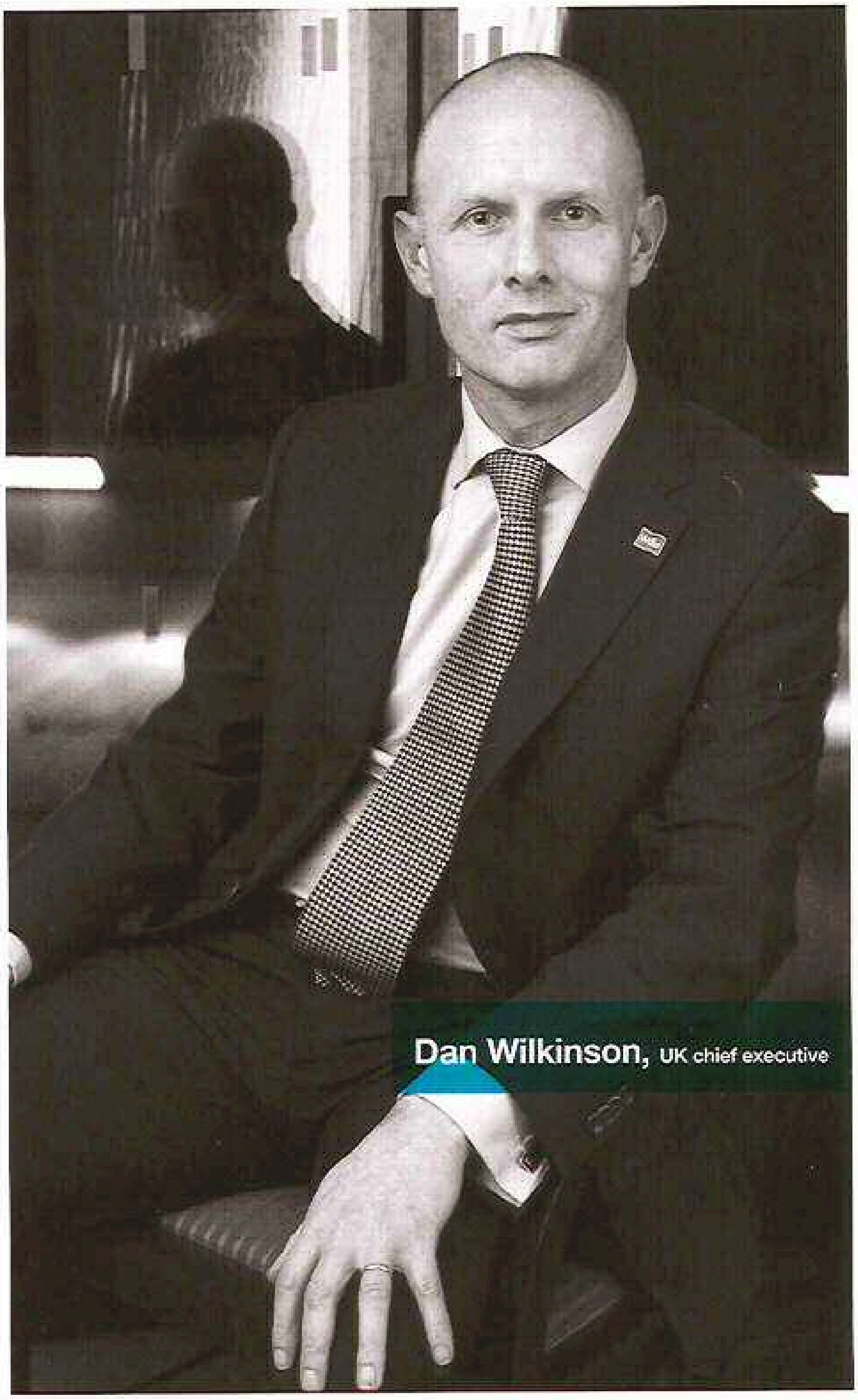
Management: Willis was hit by the unexpected departure of UK chief executive Brendan McManus in October 2011. His replacement, Dan Wilkinson, faced a battle to improve morale after several other blows in 2011. These include a record fine from the FSA for not having proper anti-bribery and corruption controls in place, the departure of international boss David Margrett and the retirement of group president Grahame Millwater after a quarter of a century with the firm, and revelations of surging director pay amid a general staff wage freeze.

Strategy: This said, Willis's results for the first quarter of 2012, with Wilkinson at the helm in the UK, beat analyst expectations. Net profit surged to $225m (£140m) in the first quarter compared with $35m in the same period last year. However, revenues for the quarter were $1.01bn compared with $1.007bn for the same period last year, an increase of 1%, and the group's commissions and fees remained static at about $1bn.

Willis is particularly weak in the UK, where it has seen a mid-single digit decline in commissions and fees. Understandably, group chief executive Joe Plumeri is looking for growth. Wilkinson appears to be on course to deliver it in the UK by emphasising sales and containing costs.

Big story: Willis launched its own global placement system to rival Aon's Global Risk Insight Platform (GRIP) in December. It hopes 70% of premiums will go through the system, although it is something of a latecomer compared with the four-year-old GRIP.

Willis's UK boss appears to be on course to deliver growth by emphasising sales and containing costs



Dan Wilkinson, UK chief executive

FIND OUT MORE ONLINE
Go to insurancetimes.co.uk and search for:
Top 50 Brokers: Willis

SAGA / AUTOMOBILE ASSOCIATION

2012 ranking: 5th — 2011 5th

Chief executive: Andrew Goodsell

Brokerage: £505m

Sector:

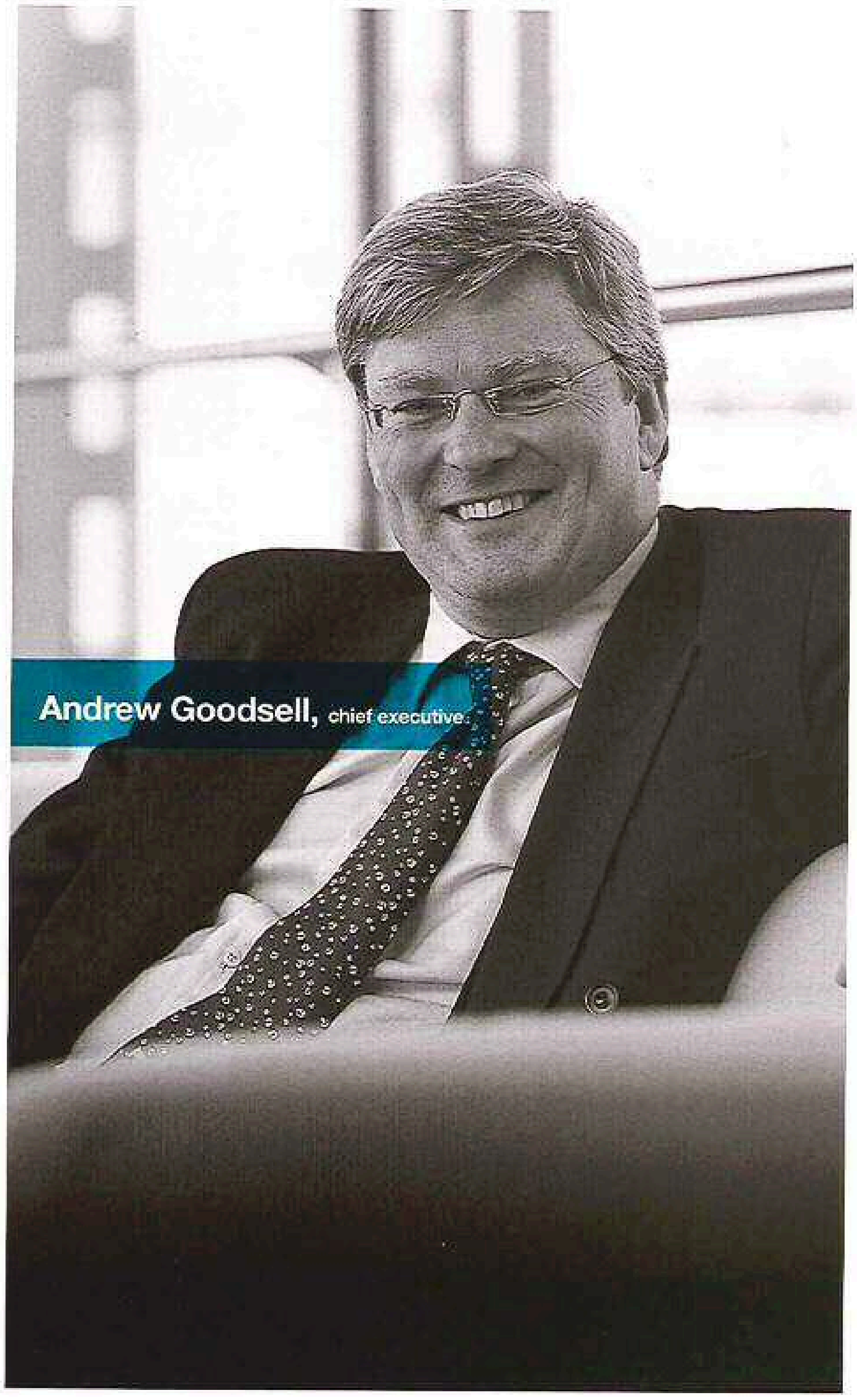
Management: Andrew Goodsell led a management buy-out in 2007 at broker Saga, funded by private equity firm Charterhouse, which also bought AA Insurance and merged it with Saga to create Acromas. The private equity house remains the majority shareholder in Acromas and Goodsell its chief executive.

But things are not going to plan. Acromas remains highly leveraged and there is scant evidence of any benefits accruing from the merger of the automobile and over-50s brokerages. Interest payments outweigh profits and Acromas reported an after-tax loss of £512.1m in the year to 31 January 2011, with a shareholder's deficit increase of 25% to £2.2bn.

Strategy: With Acromas just one of three loss-making brokerages on Charterhouse's hands – along with Giles and Drive Assist – the next step, in line with standard private equity practice, could be to float Acromas. It is understood that an IPO is being considered for this year. Whether Acromas would list as two separate entities is unclear, though there would be logic in this.

However, stock market investors have become wary of private equity houses ridding themselves of debt-laden companies in this way, so a flotation is unlikely to be straightforward.

Big story: Charterhouse was rumoured to be using Acromas and Giles to buy Groupama's UK businesses. However, the insurer's French parent company continues to delay over selling its UK brokers.



Andrew Goodsell, chief executive.

An IPO is being planned for this year, but it is not clear whether Acromas will list as two separate entities

FIND OUT MORE ONLINE
Go to **insurancetimes.co.uk** and search for:
Top 50 Brokers: Saga

THE TOWERGATE PARTNERSHIP

6th
2011 6th

Management: The revolving door has been spinning at Towergate since founding duo Peter Cullum and Andy Homer stepped back to non-executive positions.

High-profile moves include the appointment of former Aviva UK boss Mark Hodges as chief executive in September 2011. Two long-serving directors quit in June: Jonathan Walker, whom Hodges had placed in the role of integration director – critical at the consolidator – and Tim Philip, finance director.

In May it emerged that Alan McEwan, who was running UK retail acquisitions, had defected to Giles to run Scotland and Northern Ireland. Broker Network director Bernard Mageean also joined Giles as managing director of underwriting and wholesale.

However, Towergate has itself made a number of appointments as Hodges gets his top team in order. The biggest recruitment was Scott Egan, who left Brit to join Towergate as finance director.

Strategy: Hodges has been leading the fight-back with a string of key appointments, including former Brit chief financial officer Scott Egan as new group CFO, but the pair have their work cut out. On the plus side, first-quarter results in May showed operating earnings rose 9% to £34.3m and revenues increased 2% to £105.5m, while Towergate's highest paid director's pay packet rocketed 186% to £2.4m, from £846,742.

However, the core retail business looks less healthy. Operating earnings dropped 8% to £15.6m and revenues dipped 4% to £60.5m. Also, the firm has close to £1bn of debt on its books. Hodges plans to turn it around by growing specialist business and acquisitions.

Towergate has remained sixth in the Top 50 this year despite the inclusion of Callum Capital Ventures in its figures, which was previously treated as a separate entry.

Big story: Towergate racked up its twelfth and thirteenth deals for this year in July. It bought the non-life division of Hampshire-based Sheraton Insurance Brokers and Berkshire-based military, travel, landlord and expatriate insurance specialist JBI International Insurance Brokers.

FIND OUT MORE ONLINE
Go to **insurancetimes.co.uk** and search for:
Top 50 Brokers: The Towergate Partnership


Mark Hodges, The Towergate Partnership

BGL GROUP

7th
2011 7th

Management: The personal lines broker and aggregator has held steady in last year's ranking position under Peter Winslow, who has led BGL Group since 1995.

However, there has been some management turnover in the past year. David Downie joined from HSS Hire Group to take on the new role of group director of intermediated businesses. And Mark Townsend was drafted in to report to Downie as managing director of Frontline, the unit responsible for the company's own-branded products, including Budget and Dial Direct.

Townsend replaces Andy Bord, who left BGL at the end of 2011. Founder Douw Steyn also stepped down as non-executive chairman, although this was not a strategic development and he will not be replaced.

Strategy: The Russian meerkats that advertise BGL's Comparethemarket aggregator continue to pay off. The website was the main force behind a profit rise in the group's last reported results for the year to 30 June 2011. Pre-tax profit was £72m, up 15.5% on the previous year's £62.3m, on revenues of £361.2m, up 19.5% on £302.2m for 2009/10.

Big story: BGL has launched two key products in recent months. In July it unveiled Beagle Street, which offers customers life insurance cover as soon as they buy, with no need for medicals. Meanwhile, an innovative anti-fraud system inaugurated in May uses a database to validate customer information at the point of quote.

SWINTON GROUP

8th
2011 8th

Management: After the shock sacking of Swinton's entire executive board in December, French parent Covea appointed Christophe Bardet to replace chief executive Peter Halpin in January.

The appointment of Bardet, a French national with more than a decade at Covea subsidiary MMA Holdings under his belt, spent mostly in France, is designed to bring Swinton's management closer to headquarters. The mass sacking followed a dispute over the board's performance-related share scheme payments due to be made in the first quarter of 2012.

Strategy: Covea UK, Swinton's parent, has pulled the plug on plans to launch an aggregator, leaving Bardet time to focus on keeping basic operations on track as the business recovers from its management hit. The good news for Bardet is that at least Swinton's accounts appear to be in good shape. Profits rose 22% to £34.3m in 2011 (2010: £28.1m) and turnover was up 18% at £329m, thanks to acquisitions, online sales and product launches.

Big story: The major Swinton story remains the fallout from the sackings – especially shocking at a traditionally solid personal lines broker with a huge high street presence. In July Bardet told *Insurance Times* that chief financial officer Charles Bellringer had left the company and been replaced by former Provident finance boss Christian Charles Plumer. Bardet will hold a strategic review in September.

COOPER GAY SWETT & CRAWFORD

9th ▲ 2011 10th

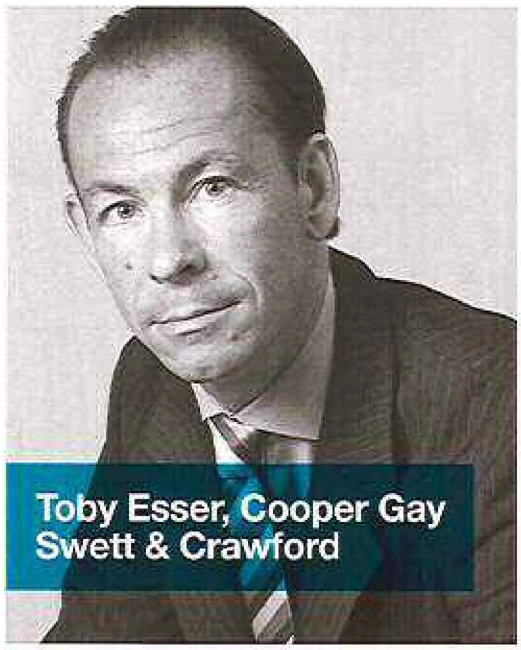
Management: Cooper Gay Swett & Crawford (CGSC) has been expanding organically and through acquisition under group chief executive Toby Esser. The group's Lloyd's and London market broking operation, Cooper Gay & Co, returned to profit in 2011 under then chief executive Shaun Hooper.

Hooper was rewarded in April 2012 with a promotion to group-level chief commercial officer. He was replaced by Cooper Gay & Co chief financial officer Sam Hovey.

Strategy: CGSC as a whole returned to a profit of $1.7m (£1.1m) in 2011 from a loss of $24.5m in 2010 – the year Cooper Gay Holdings merged with US wholesaler Swett & Crawford to form the group. The improvement came despite headwinds such as the tough economic environment, higher costs from investing in the business and continued work to integrate the group.

Cooper Gay & Co, described as "the trading fulcrum of the group", made a £4.5m profit after tax in 2011 compared with 2010's £381,000 loss. This was thanks to higher turnover, lower costs and a smaller tax bill, and was achieved despite tough conditions and persistently soft rates.

Big story: In an interview with *Insurance Times*, Esser said CGSC's planned IPO had been put on ice because of poor capital market conditions. The group is looking to private equity to fund further growth, and in July private equity firm Lightyear Capital emerged as the front runner to buy a stake in the broking group.



Toby Esser, Cooper Gay Swett & Crawford

Andy Watson, Ageas

AGEAS RETAIL

10th ▲ 2011 12th

Management: Ageas Retail is up from a combined 12th spot in last year's league because it has begun reporting all three retail broking business units – Ageas Insurance Solution (AIS), Kwik-Fit, RIAS – as one for the first time.

The broking group continues to hold its own in tough market conditions, under the direction of Ageas UK retail managing director Andy Watson and Ageas UK group chief executive Barry Smith. It also continues to acquire: over 50s broker Castle Cover became part of the Ageas Retail family in March 2011. Ageas Retail reported a £16.5m profit in the first half of 2012.

Watson has run the UK retail business since February 2010, having previously been in charge of HSBC Insurance's UK business. He is supported by RIAS and Castle Cover managing director Peter Corfield, who took over from Janet Connor in January 2012, AIS managing director Jason Banwell, retail commercial director Brendan Devine, and Kwik-Fit Financial Services managing director June Lynch.

In June, AIS hired Colin Butler as senior insurer development manager and Chris Quayle as head of finance.

Strategy: While Ageas Retail was firmly in profitable territory at the half-year 2012 stage, profit was 8% down on the £18m it reported in the first half of 2011. Revenues were flat at £105m (H1 2011: £106m).

However, the decline came amid increasing competition for a dwindling pot of insurance business. Ageas described the retail broking division's first-half performance as "a resilient performance in tough trading conditions".

Big story: Smith came out in support of the government's controversial plan for a flood levy in July, though he said more work needed to be done on the idea. The plan was attacked by others, including Brokerbility chairman Ashwin Mistry, who branded the idea a "stealth tax" in an interview with the *Daily Telegraph*.

Ageas Retail brokerage:
£214m

Ageas Retail EBITDA:
£57m

FIND OUT MORE ONLINE
Go to **insurancetimes.co.uk** and search for:
Top 50 Brokers: Ageas

David Ross, Arthur J Gallagher

ARTHUR J GALLAGHER (UK)

11th ▼ 2011 9th

Management: David Ross, chief executive of the UK and international arm of the US giant, has been raiding rival brokers in recent months in a wave of appointments and acquisitions. New hires include Towergate Midlands managing director Andy Smallwood and Canopius head of household underwriting Chris McGinn in early 2012.

In June 2011 Gallagher had swooped for Towergate commercial underwriting director Simon Read and homeowners underwriting managing director Scott Banks among others.

Strategy: The strategic shake-up is all part of Ross's grand plan to make the broker a major force in UK retail broking. A big step towards this was the May 2011 acquisition of Heath Lambert for £97m, which allowed Gallagher to leapfrog up our rankings to reach the top 10 last year. Former Heath Lambert boss Adrian Colosso was put on gardening leave until 2013 and the business rebranded as Gallagher Heath.

Gallagher followed this coup with the acquisition of Oxygen, including its 21-strong London market team and the Leeds-based corporate risks business. In May it took a 78.5% stake in over-50s broker Insurance Dialogue, which has 172 staff and revenues of £11.7m a year. And in July it bought London-based underwriting agency Contego Underwriting, which specialises in products for the construction and engineering industries globally.

With all of this activity it will come as a disappointment for Ross to see his firm slipping down from ninth to 11th this year. Equally disappointingly, the group made an after-tax profit of $144.1m (£91.5m) in 2011, down 17% on $174.1m for 2010. Total revenues for the year, however, were up to $2.1bn, a rise of almost 15% (2010: $1.9bn).

BLUEFIN INSURANCE GROUP

12th ▼ 2011 11th

Management: A moderate management shake-up began with chief trading officer Graham Coates resigning in May 2011. (He resurfaced in April 2012 at The Insurance Partnership as executive consultant.) Coates's responsibilities were transferred to then chief operating officer Mike Bruce, who was made group managing director reporting to chief executive Stuart Reid.

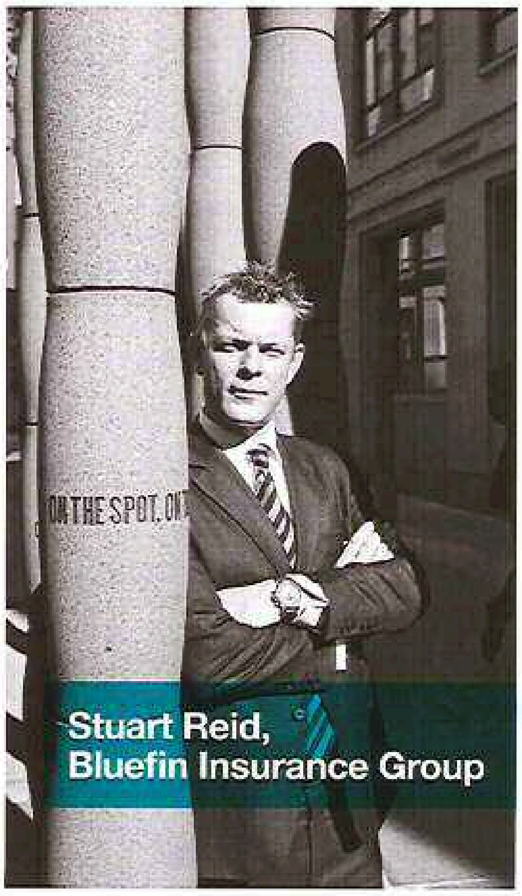
Neil Thornton was promoted at the same time to lead the commercial division, which mainly entails running SME business.

Meanwhile, in February Reid was also appointed chairman of the Chartered Insurance Institute's insurance broking faculty.

Strategy: Bluefin remains the broking business of insurer AXA, although the French parent company sold Bluefin's employee benefits business to Capita for £50m in April. Other bidders are thought to have included Aon, JLT and Lloyds Banking Group's private equity arm LDC. The sale is part of a five-year plan to hit a 15% return on equity and 10% annual earnings per share growth.

Bluefin reported improved results for 2011 following job cuts. EBITDA for the year was £17m, up 17% on £15.2m for 2010.

The broker is among those to have restricted trading with Groupama following Standard & Poor's downgrading of the insurer to junk investment grade in June.



Stuart Reid, Bluefin Insurance Group

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Top 50 Brokers: Bluefin Insurance Group

Insurance Times.co.uk

Sectors: Personal · London · Commercial · New Entry

HYPERION INSURANCE GROUP

13th ▲ 2011 19th

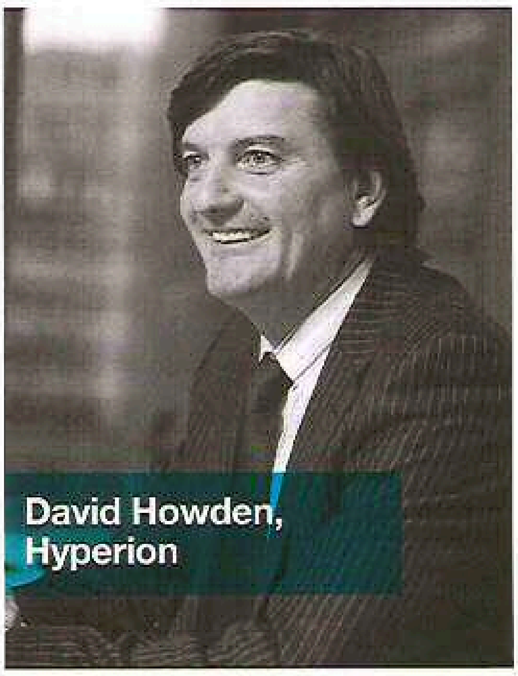
Management: Up from 19th in last year's Top 50, Hyperion Insurance Group is growing energetically. The group, which includes wholesale, retail and reinsurance broking company Howden as well as an underwriting business, experienced annual average revenue growth over the past decade of 26%.

Profits are up 150% since 2006. Hyperion delivered a 72% increase in profit after tax to £7.5m for the year ending in September, on revenues of £87m.

The firm is set to be transformed by its acquisition of Lloyd's broker Windsor in June. The combined London broking business will be led by Windsor chief executive John Bennett, reporting to Tim Coles, chief executive of Howden Broking Group.

Strategy: The deal gives Hyperion the critical mass it needs to pull off an IPO, according to analysts, with flotation in the diary for 2013.

For the year ended December 2011, Windsor reported total income of £37.5m and an EBITDA of £12m. So with Hyperion's earnings last year at £18m, the deal takes the broker up to a £30m earnings business. The insurance group bought out Windsor from its management, staff and institutional backer Hutton Collins Partners in a deal analysts estimate be worth £100m.



David Howden, Hyperion

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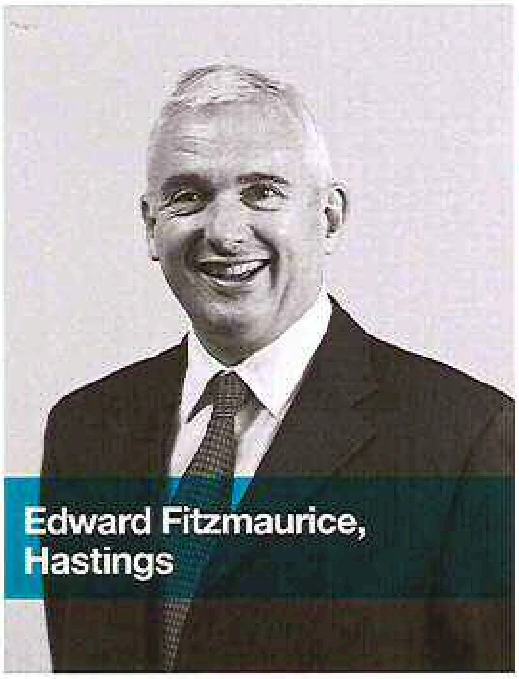
Go to **insurancetimes.co.uk** and search for:
Top 50 Brokers: Hyperion Insurance Group



Edward Fitzmaurice, Hastings

HASTINGS INSURANCE SERVICES

14th ▲ 2011 22nd

Management: Chief executive Edward Fitzmaurice presided over a 63% profit rise in 2011. Profit after tax rose to £26m for the year, up from £16m in 2010, while gross premiums placed by the group increased 39% to £358m, compared with £257m in 2010. The company, which comprises broker Hastings and insurer Advantage, reported a static combined ratio of 96% in 2011.

Strategy: The motor specialist's long-awaited flotation remains a subject of intense speculation. Originally planned for this year, Hastings' current outlook is that the listing will depend on the market's appetite for an IPO and the firm's valuation.

Hastings suffered a setback in June when finance chief Mark Adams departed only a year into the job. The former Helphire boss had been recruited as part of a plan to boost the senior team ahead of a listing. A replacement is being sought.

Hastings is absorbing the pain of the referral fee ban and, in a further possible blow, analysts have said the Office of Fair Trading's recent damning report on the motor industry and its expected decision to refer it to the Competition Commission could hinder Hastings' hopes to pull off an IPO.

Meanwhile, the company is preparing to dip a toe into telematics, with the launch of a pilot product this year.

MILLER

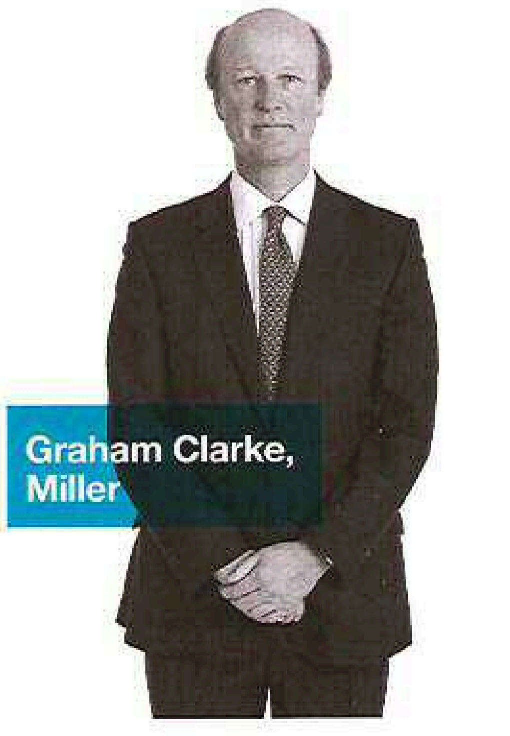
15th ▲ 2011 17th

Management: Miller chief executive Graham Clarke oversaw a 22.5% rise in the firm's turnover to £102.4m for the year to April 2012. EBITDA was up by 59.2% to £20.1m. In March he was elected chairman of the London & International Insurance Brokers' Association, succeeding David Margrett. He will focus on regulatory and competition issues and the continuing effort to modernise the market.

Strategy: Miller is a specialist Lloyd's broker offering insurance and reinsurance. Founded in 1902, the London-based broker has in recent years been steadily opening offices around the world. In the past decade it has set up its European facultative reinsurance team in Brussels and opened offices in Singapore, Hong Kong and Bermuda.

Miller is seeking to grow its book of large corporate clients, which has already doubled in the past two years. As a result it has been enhancing its expertise in recent months by raiding its rivals.

In February James Cunningham joined from Marsh and Ewan Wauchope from Gallagher, bolstering the company's political risk, trade credit and political violence capabilities. In May it recruited Warren Dann, sales leader for JLT's Global Risk Solutions. And in July James Venton joined from Arthur J Gallagher and Tom Morley from RK Harrison Group in a bid to expand Miller's US facultative property book.



Graham Clarke, Miller

Insurance Times.co.uk

TOP 50 BROKERS
IN ASSOCIATION WITH
IMAS
QBE


Peter Blanc, Oval

OVAL

16th ▼ 2011 14th

Management: Founder Phillip Hodson stepped aside as group chief executive early this year and handed the reins to his deputy Peter Blanc. This came with a management shake-up that included the departure of former managing director Jeff Herdman, who had once been expected to become chief executive.

Blanc has enjoyed a rapid rise to power since selling his Essex-based broking business FMW to Oval in 2007. In five years he's jumped from regional managing director to deputy chief executive and now boss of one of the UK's largest independent brokers.

Strategy: How long the company remains independent remains to be seen. Oval could well be a merger target thanks to its strong presence in the increasingly attractive SME and mid-market.

The firm was in the red according to its last annual report for the year ended 31 May, but the after-tax loss of £3m in 2011 was almost half the previous year's loss of £6.2m. This was achieved partly through increased turnover to £97.1m, up from £95.7m in 2010. EBITDA was down 7% to £15.3m (2010: £16.5m) and net debt £39.7m.

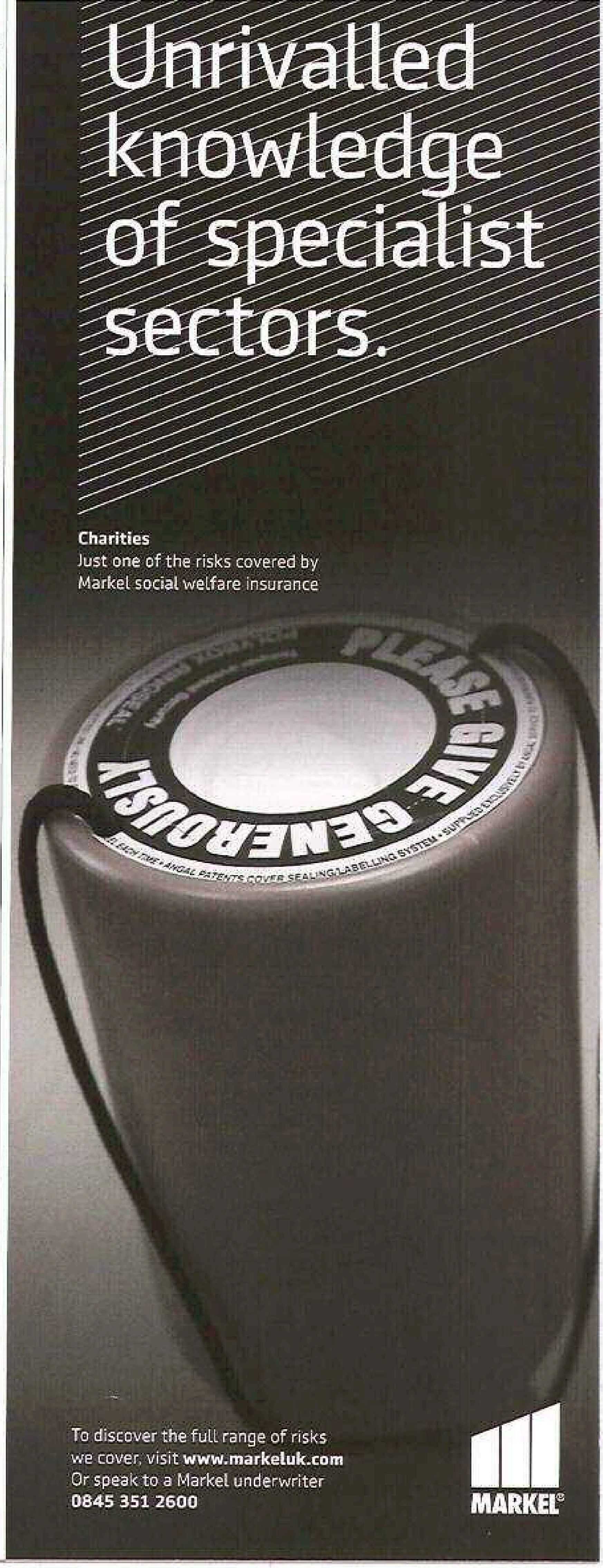
Last year there were rumours that Marsh, keen to expand its UK SME business, was interested but the deal foundered on disagreement over the price of the business. Could Giles be the next suitor?

In the meantime, Blanc told *Insurance Times* that Oval's relatively low debt means the consolidator, whose shareholders include private equity firm Caledonia, is under no pressure to make acquisitions. He plans organic growth and acquisitions of only smaller brokers.

Oval brokerage:
£101m

Oval EBITDA:
£15m

EBITDA margin:
15%



CAPITA INSURANCE SERVICES

17th ▼ 2011 15th

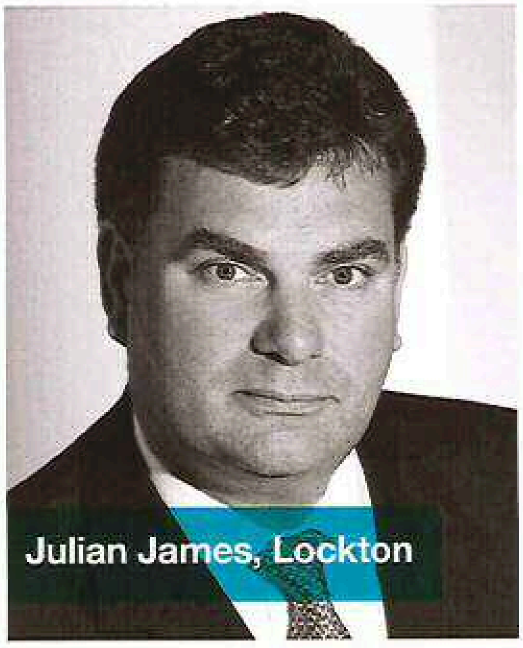
Management: Capita's head of general insurance Brent Escott left the firm in July after just over six months in the job. This comes as the broker moves down two places in the Top 50 Brokers ranking from 15 last year.

Escott's surprise departure, which the firm said was mutually agreed, came weeks after he enthused to *Insurance Times* about his long-term plans for the business in his newly created role.

Finance director Wayne Lewis, former Zurich Global Corporate UK chief executive and chief financial officer, will cover Escott's role until a permanent replacement is found. He will be assisted by interim corporate development director Phil Zeidler.

Strategy: Escott, who joined Capita a year ago, had overseen several strategic changes, including creating 30 underwriting jobs in Gloucester and building an experienced senior team. His plans had centred on boosting the firm's diverse UK business, particularly on the commercial side. He also planned to build on Capita's position as the UK's largest telematics administrator and was overseeing a tender to service the new Lloyd's Asian platform.

GI boss Brent Escott's surprise departure came weeks after he enthused about his long-term plans for Capita



Julian James, Lockton

LOCKTON

18th ▼ 2011 12th

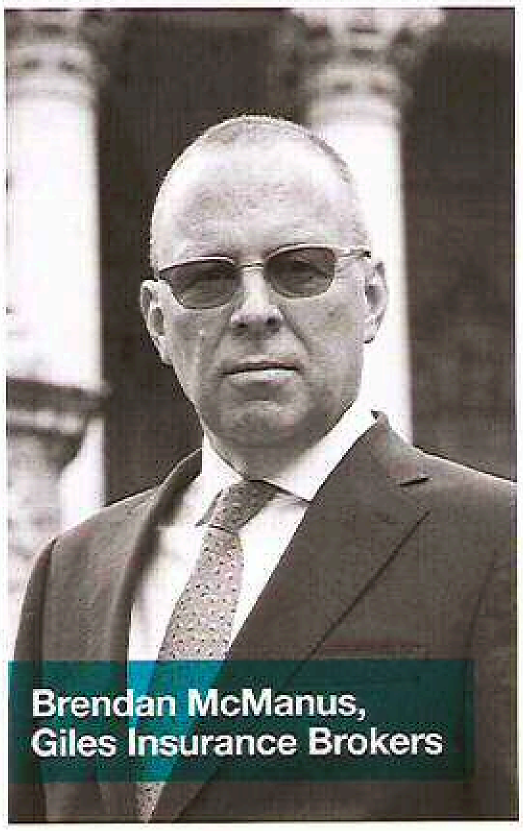
Management: Despite UK chief executive Julian James's plans for aggressive organic growth, Lockton has plummeted in this year's rankings to 18 from 12 last year. However, globally, at least the company has grown. Its last annual report, for the year to 30 April, showed the global group grew revenues 8.5% to $836m (£533m).

James's year as president of the Chartered Insurance Institute came to a close this summer, with AXA boss Amanda Blanc elected to succeed him.

Strategy: Globally, Lockton offers risk management, insurance and employee benefits to companies and individuals. In the UK it is looking to expand mid to high-end corporate businesses, covering FTSE 250 organisations and large private companies, including those operating overseas.

The US-headquartered company claims to be the world's largest privately-owned broker but traditionally keeps a low profile. However, in June chairman David Lockton flew over from the US to open Lockton's new Birmingham office, the firm's second biggest UK office. The 50-staff operation will spearhead a push to grow business in the region. Lockton has 58 offices worldwide, including 10 in the UK.

Lockton indicated a focus on technology-driven risk when it boosted its cyber technology team in London in July with the appointment of Phil Mayes. The former Zurich head of technology professional indemnity has become senior vice-president, global technology and privacy practice.



Brendan McManus, Giles Insurance Brokers

GILES INSURANCE BROKERS

19th ▼ 2011 18th

Management: Brendan McManus joined as chief executive in April after his abrupt departure from the post of UK chief executive at Willis. He is now determined to put Giles at the front of the race among the consolidators, but he has a job on his hands.

There have been persistent whispers of rows with insurers, high-profile staff departures and the revelation in May that the broker had abandoned plans for flotation. Giles also made a loss in 2011 and is saddled with net bank debt of £124m. The after-tax loss for the year was broadly flat, at £37.4m compared with £37.1m in 2010, after booking a £24m goodwill charge and £21m interest on its loan notes.

More positively, EBITDA rose 14.7% to £24m (2010: £20.9m) and turnover rose 16.3% to £81m (2010: £69m), while operating margin remained the same at 29%.

Strategy: Giles has seen massive growth over the past 10 years, fuelled by private equity backing, first in the form of Gresham in 2006 and then Charterhouse in 2008. The traditional private equity approach would have been to sell Giles after three or four years, but McManus says Charterhouse accepts that market conditions have changed and it now views Giles as a long-term investment.

BRIGHTSIDE

20th ▲ 2011 23rd

Management: Chief executive Arron Banks quit in June and is plotting a private equity-backed buy-out of the AIM-listed company's stock to return it to private status. He has been replaced by Martyn Holman, who was insurance broking director.

The rationale, Banks told *Insurance Times*, was that Brightside's results have been "fabulous" yet its share price has been dragged down with the rest of the sector. The broker's share price has been hovering around the 20p mark this year despite a 44% rise in profit.

Brightside made an after-tax profit of £9.4m in 2011, up 44% on the £6.5m it made in 2010. The broker also reported robust trading for the first five months of 2012. Compared with the same period in 2011, like-for-like sales rose 9.3% to £37.1m.

Strategy: Banks is Brightside's biggest shareholder, with a 15.24% stake. However, his buy-out plan depends on him offering a price acceptable to the firm's other powerful shareholders, including Aviva, Schroders and Legal & General Investment Management, which will not be easily satisfied.

Meanwhile, Brightside is going from strength to strength, signing high-profile affinity deals in July with Asda Money and Debenhams. In February it acquired its headquarters building near Bristol for £3m.

Brightside brokerage:

£80m

Brightside EBITDA:

£19m

FIND OUT MORE ONLINE
Go to **insurancetimes.co.uk** and search for:
Top 50 Brokers: Brightside

RK HARRISON GROUP

21st — 2011 21th

Management: Under the nine-year reign of chief executive Paul Bridgwater, the employee-owned insurance and reinsurance broker has grown steadily. According to RK Harrison's last reported results for the year to 30 June 2011, revenue grew 14% to £76.6m and operational profit was £19.5m.

Strategy: In June, the London broker secured £30m in refinancing. The funds will support its strategy of ongoing acquisitions, which has so far included the purchase of the Gibbs Hartley Cooper business (formerly HSBC Insurance Brokers) from Marsh.

JELF

22nd ▼ 2011 20th

Management: Chief executive, insurance, Phil Barton announced profit after tax of £1.1m in the six months to 31 March 2012, up 41% on £810,000 for the same period last year. Revenues were flat at £35.2m (H1 2011: £35m), but EBITDA was up 5% to £4.4m.

Strategy: Jelf has moved ahead of its consolidator rivals after integrating the business and reducing its net debt to £1.1m from £10m in 2011. It is now focusing on growing its affinity business.

ENDSLEIGH INSURANCE SERVICES

23rd ▲ 2011 25th

Management: Managing director Ian Passmore announced a slight decline in performance in the year to 31 December 2011. Turnover was £52.7m compared with £54.5m for 2010. Profit was also down to £8.38m against the previous year's £9.5m. Nonetheless, it managed to advance two places in this year's Top 50 rankings.

Strategy: Parent company Zurich announced plans to transfer its books of personal lines business for direct partnerships to Endsleigh in May. Accompanied by almost 400 job cuts by Zurich in the UK, the move prompted speculation that the insurer may be planning to exit the British market, although the firm has denied this.

BARBON INSURANCE

24th ▲ 2011 26th

Management: A management overhaul took place at Barbon following the FSA's investigation into the sale of contents insurance via its HomeLet business. HomeLet managing director John Boyle was dismissed in March but he was reportedly appealing the decision. Boyle has been replaced by former Letsure managing director Ian Fraser.

Chief executive Martin Oliver is also set to leave this autumn to join the A&A Group. He will be replaced by former Cigna European division chief executive of life, accident and health Mike Ramsey.

Strategy: The probe found HomeLet had breached FSA guidelines because tenants were told contents insurance was mandatory when it was voluntary. Barbon has since spent £2.5m on amending policies and funds for potential redress payments for customers, leading to a £547,000 pre-tax loss in 2011, from a £7.8m profit in 2010.


Carl Beardmore, BMS Associates

BMS ASSOCIATES

25th ▲ 2011 27th

Management: Chief executive Carl Beardmore has led the insurance and reinsurance broker to a two-place jump, up from 27 last year. EBITDA climbed 9% to £7.8m during 2011 according to Companies House accounts, while profit on core business excluding bonuses was up 16%.

Strategy: The London-based broker plans to double in size through acquisitions in the next four years. In April 2011 it launched MGA Pioneer Underwriting, which wrote £15m in gross premiums in year one.

THB GROUP

26th ▲ 2011 28th

Management: Led by chief executive Frank Murphy, the most recently published results claim THB made a pre-tax profit of £1.9m for the six months to 30 April 2011, up 100% on the same period a year earlier. Fees and commissions rose 6% to £26m.

Strategy: Private equity-backed US broker AmWINS acquired THB for £29.2m in November 2011. THB has since strengthened its facultative business by buying AFL Insurance Brokers' UK commercial wholesale account at the start of the year, having snapped up its fleet account in 2011.

A-Plan brokerage:
£52m

A-Plan EBITDA:
£20m

A-PLAN

27th ▲ 2011 29th

Management: A-Plan went through an ownership change in November 2011 after a management buy-out at its backer, Barclays Private Equity (now renamed Equistone Partners Europe). A-Plan chief executive Carl Shuker told *Insurance Times* his company would be unaffected.

Strategy: Announcing its results for the year to 28 February 2011, the broker said it was positioned for sustainable growth. A-Plan made an after-tax profit of £14.6m for the year, up 19% on the previous year, and revenues grew 9.3% to £50.5m.

FIND OUT MORE ONLINE
Go to insurancetimes.co.uk and search for:
Top 50 Brokers: A-Plan

ADRIAN FLUX

28th ▲ 2011 31st

Management: Adrian Flux Classic car and specialist motor insurance broker has moved up from 31 last year, having delivered revenue of £45.2m for the year to September 2011.

Strategy: The firm launched a high net worth division in 2008 and bought disabled specialist Chartwell Insurance in 2010. This year it launched a non-standard motor scheme.

RFIB GROUP

29th ▲ 2011 30th

Management: Jonathan Turnbull's rise to chief executive in October 2011 from chief financial officer was overshadowed in January when RFIB reported a 44% drop in profit after tax due to paying off £1.5m in bad debts. The profit, £1m for the year to 30 June 2011, was down from £1.8m the previous financial year.

Strategy: The reinsurance broker operates globally and expects to grow revenue, which was £42.7m in 2011, partly as a result of opening in Saudi Arabia. It closed its UK construction unit, which was deemed to be failing to perform in line with company strategy.

THE A&A GROUP

30th ▲ 2011 40th

Management: As chief executive, co-founder Tony Allen has overseen huge growth over the past two years at the non-standard motor insurer. Allen & Allen entered the Top 50 in 2011 at 40 and has leapt up 10 places. For the year to May 2012, revenue was up 82% to £42m and EBITDA up 61% to £10.9m.

Strategy: Allen & Allen has launched several online brands during the past decade.

PRICE FORBES

31st ▲ 2011 32nd

Management: Under chief executive Michael Donegan, who led a buy-out from Marsh in 2006, revenue was £40.5m for the year to December 2010.

Strategy: Price Forbes is an independent, specialist Lloyd's broker based in London and Bermuda. It operates in sectors including cargo, fine art, construction, energy, marine, mining and nuclear. It also provides reinsurance and terrorism cover.

TOWERS WATSON REINSURANCE

32nd ▲ 2011 33rd

Management: In July the Towers Watson group announced Ross Howard had been promoted to global leader for reinsurance broking. In October he will succeed Bill Eyre who, after 14 years in the post, moves to a new role focused on client and market relationship development.

Howard, who currently leads broking in EMEA, inherits a brokerage where revenues for the year to 30 June 2011 were flat, at £38.9m, with EBITDA decreasing 32.7% to £7.47m.

Strategy: The brokerage acquired WellsCanning, a New York-based investment advisory firm specialising in the insurance industry, in October.

Towers Watson brokerage:

£39m

Michael Donegan, Price Forbes

UNITED INSURANCE BROKERS

33rd ▲ 2011 34th

Management: Chief executive Bassem Kabban promoted Steven Pallett to the newly created position of executive director, operations and administration in January. Pallett was previously marine technical director.

Strategy: The London-headquartered Lloyd's broker operates internationally with expertise in all major insurance classes. Its revenue for the year to June 2011 was £37.7m and EBITDA was down to just under half of the previous year's, to £1.06m. Pallett has been charged with implementing a new operating system strategy.

TYSER & CO

34th ▲ 2011 35th

Management: Chief executive Chris Elliott reported a broadly flat top line of £36.1m for the year to December 2011, with EBITDA down 36.6% to £6.91m.

Strategy: Tyser wants to boost its corporate business and in May recruited Andy Lucia and Lee Saunders to the professional indemnity team as broker producers.

Both were divisional directors at Arthur J Gallagher, having joined when Oxygen was acquired in 2011.

NEWMAN MARTIN & BUCHAN

35th ▲ 2011 38th

Management: Gordon Newman, who has been chairman of Newman Martin & Buchan since its formation in 1987, grew revenues 12.7% to £30.6m in the year to March 2012. EBITDA was up hugely, by 79.3% to £3.17m.

Strategy: The firm has expanded from energy broking into marine, non-marine and reinsurance. It converted to limited liability partnership status in 2009.

NM&C brokerage growth:

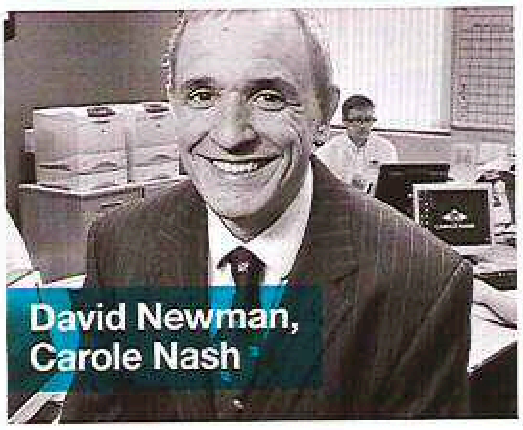
12.7%

CAROLE NASH

36th ▲ 2011 39th

Management: Chief executive David Newman has moved the firm up three places, raising revenues 5% to £25m for the year to December 2011. EBITDA was down 1.4% to £6.55m.

Strategy: As one of Groupama UK's three brokerages, Carole Nash is up for sale with the rest of the business, and the motorbike broker has been linked with a buy-out led by former Swinton boss Peter Halpin.



David Newman, Carole Nash

BESSO INSURANCE GROUP

37th — 2011 37th

Management: Doubling the top line in two years is the objective of chief executive Colin Bird. The business certainly needs a lift: revenues were down 13.4% for the year to December 2011 to £24.2m and EBITDA slumped by 129.6% to £552,000.

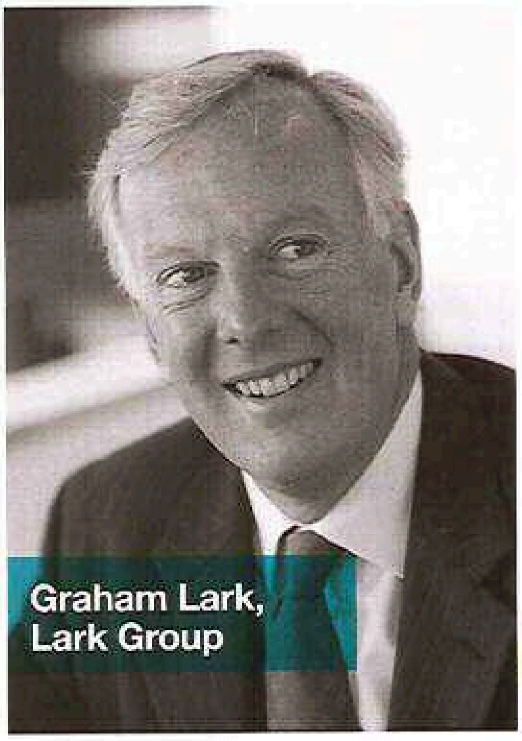
Strategy: Besso plans to grow by acquisition, hence it bought 15% of its stock from venture capitalist BP Marsh in March. The £1.1m deal brought Besso's management an enlarged 70% stake in its own firm and 30% of BP Marsh.

HENDERSON

38th ▲ 2011 45th

Management: The Leeds-based broker's chief executive Joe Henderson has achieved rapid growth, propelling the firm up from 45 last year. The firm grew revenues 11.4% to £22.5m in the year to April 2012. Gross written premium stands at £200m and EBITDA shot up 89% to £3m.

Strategy: Henderson plans to hit £30m in revenue through the acquisition of a £5m brokerage and expanding marine and aviation business.


Graham Lark, Lark Group

LARK GROUP

39th ▲ 2011 43rd

Management: Chairman Graham Lark and managing director Stephen Lark are among seven members of the Lark family who have worked for the firm since it launched in 1948.

Strategy: With parent Groupama up for sale, Lark has completed a management buy-out. In September 2011, Lark bought broker Cadogan Hanover Park from Barbon. The deal added £606,610 to Lark's 2011 revenue of £19.5m. Profit was £3.6m, almost double that of 2010.

Lark Group's profits in 2011 were almost double that reported in the previous year

ABBEY PROTECTION

40th ▲ 2011 44th

Management: Chief executive Colin Davison has overseen strong growth of Abbey, which is up four places in the Top 50, and spearheaded the acquisition of tax consultancy Accountax in October 2008.

Strategy: Abbey is on the hunt for acquisitions. It reported full-year 2011 net profit of £7.6m, up 9% year-on-year, although gross written premium fell 7% to £14.1m.

XBRIDGE

41st ★ New entry

Management: Jason Stockwood joined Xbridge as chief executive in May 2010, bringing with him experience from online businesses including lastminute.com. He sees the firm enter the Top 50 for the first time this year, as forecast by *Insurance Times* in 2011.

Strategy: Founded in 2000 by Brad Liebmann, who remains the largest shareholder, the technology-based broker provides a range of services to small and large businesses. These include insurance, which is sold through the flagship brand Simply Business. This formula saw Xbridge grow revenue by 21.4% in 2011 to £19.5m.

DIRECT GROUP

42nd ★ New entry

Management: The Doncaster-based outsourcing firm's chief executive Derek Coles and chief operating officer Scott Hough led a management buy-out in August 2007. Private equity firm LDC backed the £40m deal. Now, with a top line of £18.9m for the year to January 2012, Direct Group is in the Top 50 for the first time. EBITDA was £6.21m for the year.

Strategy: Direct Group further diversified its offer in June with the acquisition of Simple Insurance from Leeds-based UK General for £15m with a Lloyds Bank loan. Simple operates mainly online, providing cover for landlords and caravan owners, as well as travel insurance.

BERRY PALMER & LYLE

43rd ▲ 2011 49th

Management: Managing director Robin Harper oversaw BPL entering the Top 50 last year, after it grew 48%. Now he can celebrate a move up six places in the 2012 league, with revenue of £18.1m for the year to March 2011.

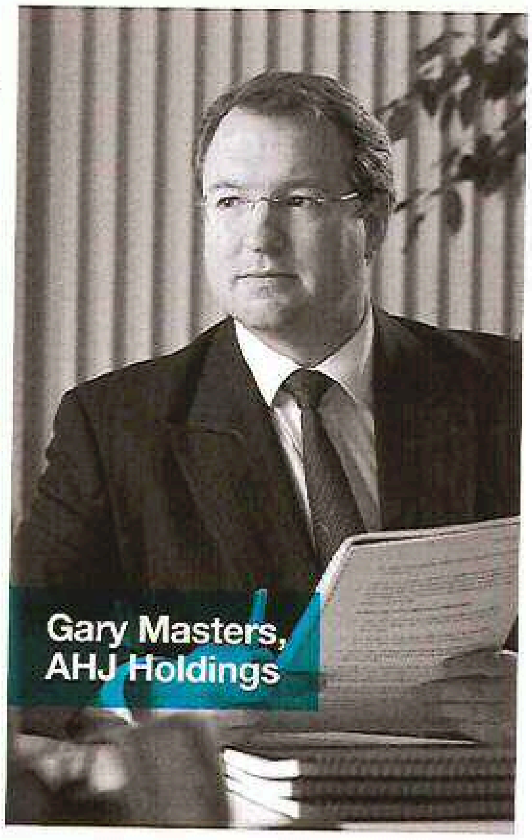
Strategy: Although top-line growth for the year was only 2.9%, the broker, which specialises in emerging market risk, continued to improve its numbers, with EBITDA rising 23.9% to £7.41m.

AHJ HOLDINGS

44th ▼ 2011 44th

Management: Marine specialist Gary Masters was appointed chief executive of Alwen Hough Johnson in April 2011, having been with the reinsurance broker since 1982. Former chief executive Hugh Price continues as chairman.

Strategy: Up from 48 last year, the privately owned Lloyd's broker grew 1.3% in 2011, reaching revenue of £17.9m and reported EBITDA of £3.8m. The firm agreed last year to sell its shares in BMS Group back to the company for £8m, a process to be completed in 2013.


Gary Masters, AHJ Holdings

AHJ brokerage:
£18m

AHJ EBITDA:
£4m

BE WISER

45th ★ New entry

Management: Chairman Mark Bowyer-Dyke fronts this new entrant in the Top 50, which grew by 43% in the year to May 2012, hitting a top line of £17.4m and EBITDA of £2.4m.

Strategy: Andover-based Be Wiser provides motor and home insurance and a number of add-ons, including helmet and leathers cover, car finance and RAC breakdown cover.

OAMPS

46th ▲ 2011 50th

Management: The OAMPS Group was purchased by Wesfarmers, an Australian conglomerate, in 2006. Managing director David Barrett joined Oamps in 1989 and takes executive responsibility for all of the OAMPS Group UK divisions. Howard Pearson, a previous Biba board member, joined in 2011 as the divisional broking director after previous senior roles with Giles and Miller.

Strategy: The business is split into three insurance divisions, dealing with general insurance; petrochemical insurance, building on the group's heritage as a petrochemical specialist; and special risks, for the Lloyd's market.

OAMPS brokerage:

£17.4m

OAMPS EBITDA:

£4.6m

LYCETTS

47th ★ New entry

Management: Chief executive Angus Keate sees his firm enter the league, having boosted revenue 1.9% to £16m, according to its latest available figures, for 2010. EBIDTA was £3.28m.

Strategy: The broker offers a range of financial services to commercial clients, with particular expertise in rural and equine cover, offered through specialist broking divisions.

KERRY LONDON

48th ★ New entry

Management: Damian Kissane is another chief executive whose firm has entered the Top 50 this year. He's been in his current role since 2008 and previously worked in investment banking.

Strategy: Kerry London's revenue actually shrank by 2% to £15.3m, according to its last reported results, for 2010. But consolidations among brokers higher up our rankings, including Ageas and Towergate, means the broker secured a place in the Top 50 nonetheless. Also, EBITDA was up by an enviable 50% to £1.03m.

ASTON SCOTT

49th ★ New entry

Management: Chairman Andrew Scott delivered a whopping 72.7% rise in revenue in the year to 30 June 2012 at this new entrant. EBITDA rose 43.6% to £3.75m.

Strategy: The Kent-headquartered commercial broker has grown to more than 200 employees in 11 locations in the UK, through organic growth and acquisitions.

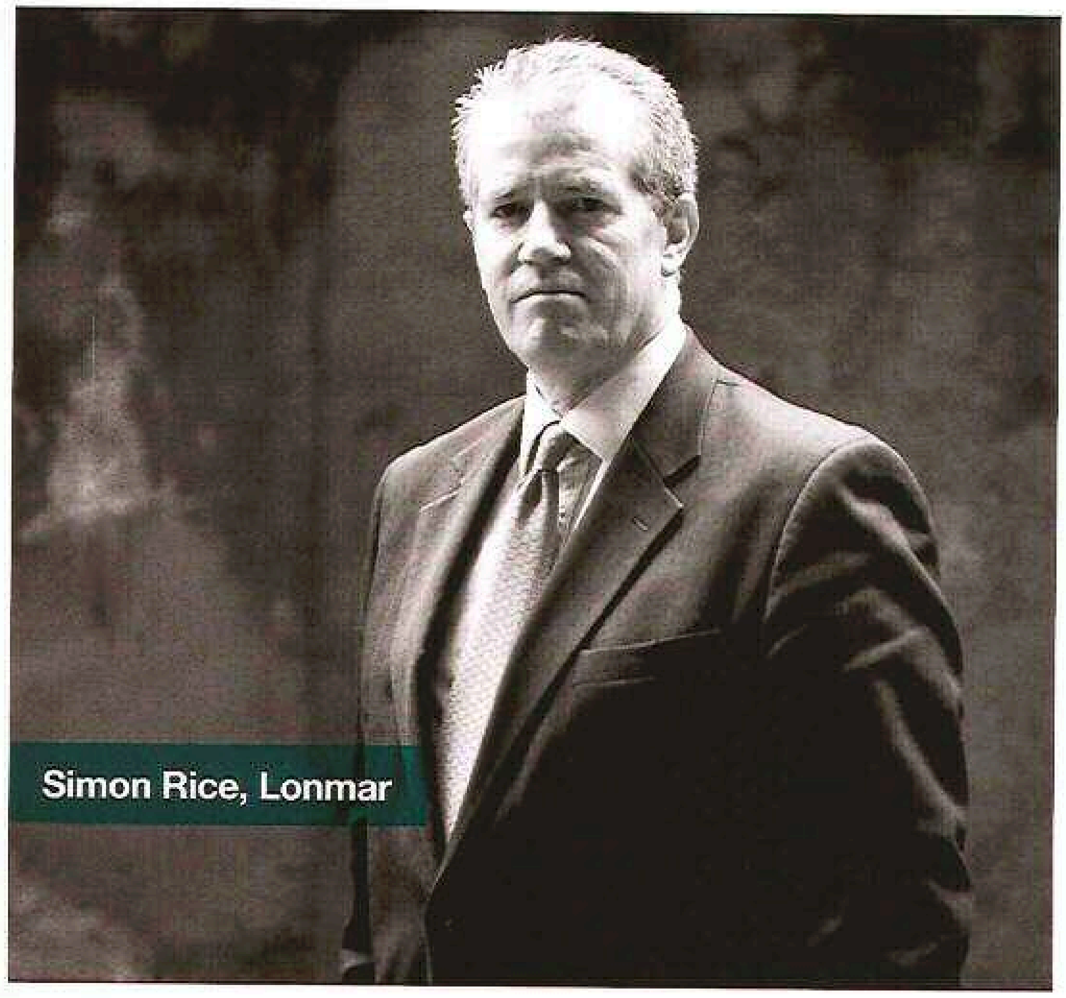
LONMAR

50th ▼ 2011 42nd

Management: Chief executive Simon Rice led a management buy-out in 2009 of SBJ Global Risks, which was rebranded Lonmar Global Risks in March 2010. A new entrant, the Lloyd's broker's revenue fell by 26.3% in 2011 to £15.3m, with EBITDA plummeting 113.8%.

Strategy: The company's 2010 results were hit by £1.6m of exceptional legal costs after losing a legal battle with former employees who defected to Tysers, and a £2.1m exceptional repayment to underwriters after Lonmar's marine division overcharged them.

Lonmar seems determined to recover, targeting £25m in revenue within three to five years.



Simon Rice, Lonmar

Insurance Times.co.uk

Crunch time

All the essential financial data from the UK's top 50 brokers

2012	2011	Company name	Current year	Brokerage £000s	Brokerage change	Costs £000s	Investment income net £000s	EBITDA £000s	EBITDA growth	EBITDA margin	Net current assets £000s
1	▲ (3)	Marsh [1]	Dec-11	677,880	12.3%	N/A	N/A	N/A	N/A	0.0%	N/A
2	— (2)	JLT Group [3]	Dec-11	675,039	10.9%	536,693	6,760	138,346	13.8%	20.5%	152,036
3	▼ (1)	Aon	Dec-11	666,572	4.4%	538,455	(4,130)	141,278	12.7%	21.1%	537,329
4	— (4)	Willis [1]	Dec-11	617,308	6.1%	N/A	N/A	N/A	N/A	0.0%	N/A
5	— (5)	Saga/Automobile Association [4]	Jan-12	505,000	0.2%	N/A	N/A	N/A	N/A	0.0%	N/A
6	— (6)	The Towergate Partnership [5]	Dec-11	371,481	1.5%	236,452	(83,792)	135,029	-2.2%	36.3%	192,959
7	— (7)	BGL Group [4]	Dec-11	362,727	22.4%	292,481	(3,873)	66,373	-0.8%	18.3%	154,226
8	— (8)	Swinton Group	Dec-11	329,296	16.4%	274,464	(4,166)	109,591	44.7%	33.3%	32,271
9	▲ (10)	Cooper Gay Swett & Crawford	Dec-11	221,910	42.1%	197,435	(18,337)	24,920	16.3%	11.2%	39,459
10	▲ (12)	Ageas Retail [4]	Dec-11	213,554	5.3%	161,674	6,423	57,197	-1.2%	26.8%	58,655
11	▼ (9)	Arthur J Gallagher (UK) [3]	Dec-10	187,752	0.0%	161,506	3,602	29,847	0.0%	15.9%	(13,389)
12	▼ (11)	Bluefin Insurance Group [4]	Dec-11	121,749	-8.1%	105,424	629	16,954	16.7%	13.9%	(43,558)
13	▲ (19)	Hyperion Ins Group [2]	Sep-11	118,791	57.7%	95,733	(1,904)	25,641	106.7%	21.6%	N/A
14	▲ (22)	Hastings Insurance Services [4]	Dec-11	105,091	56.5%	86,702	(9)	21,323	86.9%	20.3%	(7,040)
15	▲ (17)	Miller [4]	Apr-12	102,362	22.5%	83,299	436	20,069	59.2%	19.6%	39,560
16	▼ (14)	Oval [4]	May-12	101,392	5.6%	96,772	(5,999)	15,088	4.7%	14.9%	2,020
17	▼ (15)	Capita Insurance Services [4]	Dec-11	99,300	1.8%	78,100	N/A	21,200	16.9%	21.3%	N/A
18	▼ (12)	Lockton	Apr-11	92,437	-7.1%	91,904	2,016	2,095	-89.2%	2.3%	2,357
19	▼ (18)	Giles Insurance Brokers	May-11	81,406	7.8%	85,601	(33,286)	21,112	-6.2%	25.9%	9,203
20	▲ (23)	Brightside	Dec-11	80,398	21.5%	66,128	(1,659)	18,487	83.5%	23.0%	15,967
21	— (21)	RK Harrison Group	Jun-11	76,588	13.9%	56,184	(869)	21,486	31.8%	28.1%	26,495
22	▼ (20)	Jelf	Sep-11	72,100	2.5%	73,282	(1,233)	10,078	15.9%	14.0%	5,817
23	▲ (25)	Endsleigh Insurance Services	Dec-11	61,759	-1.6%	50,560	(194)	15,940	-2.0%	25.8%	24,270
24	▲ (26)	Barbon Insurance	Dec-11	53,632	0.1%	55,613	(281)	5,806	-59.9%	10.6%	22,681
25	▲ (27)	BMS Associates	Dec-11	52,886	5.3%	56,054	311	(2,125)	-129.9%	-4.0%	(134)

[1] Figures extracted from US SEC Form 10K for UK business
[2] Annualised figures to reflect material acquisitions in current financial year
[3] Annualised figures to reflect material disposals in current financial year
[4] Management provided information
[5] Annualised for changed year-end
[6] Excludes employee benefits business
* New entry

Bank and investments £000s	Creditors £000s	Shareholder funds £000s	Goodwill to equity	Highest paid director £000s	Total directors' emoluments £000s	Employee number	Employee cost £000s	Directors' emol change	Average employee cost £000s	Average employee cost change	Headcount change	T/O per employee £000s
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
573,616	1,042,921	298,434	87.1%	1,970	4,845	N/A	N/A	-5.5%	N/A	N/A	N/A	N/A
1,091,261	4,693,861	382,173	3.6%	2,504	5,510	3,764	334,598	28.4%	88.9	-1.5%	-0.9%	177.6
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	N/A	N/A	N/A	N/A
211,344	1,223,721	663,142	190.5%	N/A	N/A	4,386	N/A	N/A	N/A	N/A	7.9%	84.7
112,371	350,929	253,526	8.5%	829	1,712	2,896	68,744	N/A	23.7	N/A	34.8%	125.3
30,609	368,311	142,631	48.2%	669	1,239	4,561	136,569	17.6%	29.9	26.5%	-3.0%	72.2
174,575	525,714	(44,119)	365.8%	1,084	2,738	1,423	124,877	-16.4%	87.8	1.2%	36.7%	155.9
41,579	259,469	53,344	N/A	437	1,028	2,957	76,193	-52.1%	25.8	-2.1%	20.5%	72.2
119,870	408,723	21,258	251.2%	N/A	N/A	1,867	117,981	N/A	63.2	N/A	N/A	100.6
87,733	302,744	178,412	124.8%	N/A	N/A	1,436	63,556	N/A	44.3	16.0%	-16.1%	84.8
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
34,010	164,432	11,569	N/A	509	811	1,256	31,141	-15.3%	24.8	-8.3%	60.4%	83.7
125,574	669,339	26,197	N/A	652	4,452	513	57,638	-30.2%	112.4	11.0%	2.0%	199.5
56,358	107,647	31,828	366.3%	274	1,374	1,199	54,201	50.8%	45.2	4.4%	0.3%	84.8
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
7,348	32,293	5,923	N/A	269	407	681	58,278	79.3%	85.6	-6.7%	-4.9%	135.7
51,586	415,979	(107,494)	202.2%	N/A	N/A	1,140	41,178	N/A	36.1	0.0%	0.0%	71.4
13,825	53,990	68,219	95.7%	360	1,080	919	23,000	37.1%	25.0	-8.5%	36.4%	87.5
87,432	305,891	24,581	72.6%	1,387	3,340	491	41,016	27.5%	83.5	11.1%	2.7%	156.0
23,591	42,098	92,519	109.1%	360	1,242	957	38,758	-14.0%	40.5	4.6%	-5.7%	75.3
43,959	60,455	12,342	136.6%	332	790	884	23,491	12.2%	26.6	5.6%	-3.5%	69.9
37,916	48,311	117,719	85.2%	341	1,477	744	25,696	9.9%	34.5	0.5%	15.9%	72.1
40,065	239,485	212	N/A	541	1,624	291	37,290	-42.4%	128.1	2.5%	9.0%	181.7

DATA SOURCE: IMAS-insight

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TOP 50 BROKERS

IN ASSOCIATION WITH IMAS QBE

2012	2011	Company name	Current year	Brokerage £000s	Brokerage change	Costs £000s	Investment income net £000s	EBITDA £000s	EBITDA growth	EBITDA margin	Net current assets £000s
26	▲(28)	THB Group [4]	Oct-11	50,966	5.3%	46,916	(1,066)	8,146	50.7%	16.0%	3,937
27	▲(29)	A-Plan	Feb-11	50,522	5.9%	30,630	267	20,325	22.1%	40.2%	17,543
28	▲(31)	Adrian Flux [4]	Sep-11	45,156	9.8%	N/A	N/A	N/A	N/A	0.0%	N/A
29	▲(30)	RFIB Group	Jun-11	44,420	2.2%	42,506	(166)	3,309	-19.7%	7.4%	5,535
30	▲(40)	The A&A Group [2,4]	May-12	41,981	82.2%	32,885	(126)	10,884	60.6%	25.9%	1,699
31	▲(32)	Price Forbes	Dec-10	40,501	0.0%	N/A	N/A	N/A	-100.0%	0.0%	N/A
32	▲(33)	Towers Watson Reinsurance	Jun-11	38,910	0.7%	31,963	205	7,466	-32.7%	19.2%	20,924
33	▲(34)	United Insurance Brokers	Dec-11	37,681	4.4%	37,922	(374)	1,064	-48.3%	2.8%	21,271
34	▲(35)	Tyser & Co	Dec-11	36,066	1.5%	29,876	305	6,906	36.6%	19.1%	4,316
35	▲(38)	Newman Martin & Buchan [4]	Mar-12	30,567	12.7%	27,622	63	3,171	79.3%	10.4%	7,914
36	▲(39)	Carole Nash [4]	Dec-11	26,022	5.0%	19,124	34	6,550	-1.4%	26.2%	3,861
37	—(37)	Besso Insurance Group	Dec-11	24,188	-13.4%	25,309	(685)	(552)	-129.6%	-2.3%	7,841
38	▲(45)	Henderson [4]	Apr-12	22,500	11.4%	20,600	100	3,000	89.0%	13.3%	N/A
39	▲(43)	Lark Group	Dec-11	21,485	4.7%	17,893	(30)	5,045	29.3%	23.5%	4,779
40	▲(44)	Abbey Protection	Dec-11	21,465	4.8%	16,111	114	8,106	-34.7%	37.8%	£484
41	★(N/A)	Xbridge	Dec-11	19,549	21.4%	19,044	(51)	894	180.17%	4.6%	4,388
42	★(N/A)	Direct Group [2,4]	Jan-12	18,940	0.0%	12,733	N/A	6,207	0.0%	32.8%	N/A
43	▲(49)	Berry Palmer & Lyle	Mar-11	18,069	2.9%	10,994	41	7,408	23.9%	41.0%	9,610
44	▲(48)	AHJ Holdings	Dec-11	17,914	1.3%	17,103	211	3,747	11.7%	20.9%	7,894
45	★(N/A)	Be Wiser	May-12	17,384	42.9%	15,146	51	2,416	74.9%	13.9%	744
46	▲(50)	CAMPS	Dec-11	17,358	0.2%	12,907	133	4,584	-17.0%	26.4%	8,165
47	★(N/A)	Lycetts	Dec-10	16,040	1.9%	14,026	120	3,282	1.0%	20.5%	5,028
48	★(N/A)	Kerry London	Dec-10	15,330	-2.0%	15,632	(340)	1,025	50.1%	6.7%	48
49	★(N/A)	Aston Scott [2,4]	Jun-12	15,316	72.7%	11,170	(396)	3,750	43.6%	24.5%	2,378
50	▼(42)	Lonmar [4]	Dec-11	15,302	-26.3%	15,850	277	(482)	-113.8%	-3.1%	3,165

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[1] Figures extracted from US SEC Form 10K for UK business
[2] Annualised figures to reflect material acquisitions in current financial year
[3] Annualised figures to reflect material disposals in current financial year
[4] Management provided information
[5] Annualised for changed year-end
[6] Excludes employee benefits business
* New entry

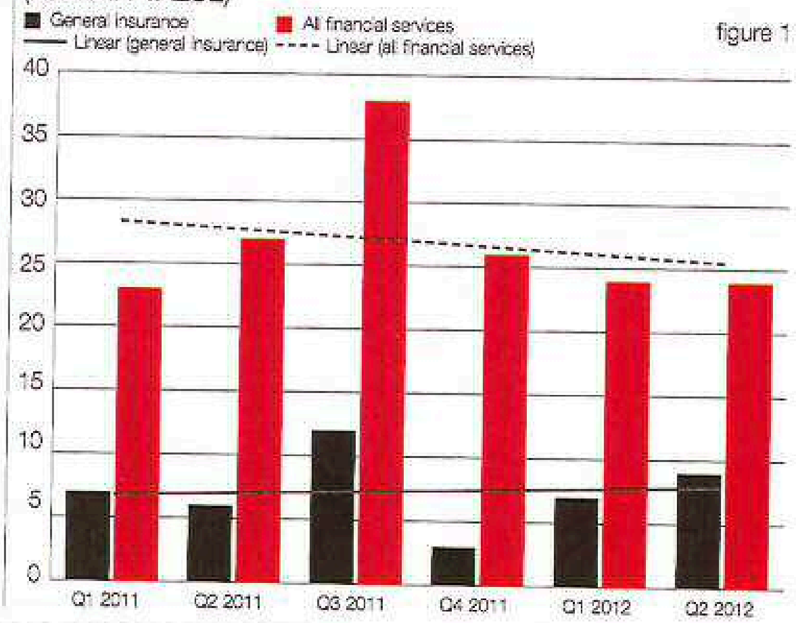
Bank and investments £000s	Creditors £000s	Shareholder funds £000s	Goodwill to equity	Highest paid director £000s	Total directors' emoluments £000s	Employee number	Employee cost £000s	Directors' emol change	Average employee cost £000s	Average employee cost change	Headcount change	T/O per employee £000s
37,630	N/A	27,158	109.1%	N/A	N/A	409	31,703	N/A	77.5	9.6%	-7.5%	124.6
32,711	23,990	23,250	N/A	458	1,193	670	20,499	29.1%	30.6	5.5%	-4.0%	£75.4
N/A	N/A	N/A	N/A	N/A	N/A	698	N/A	N/A	0.0	N/A	12.4%	£64.7
49,026	287,300	23,617	65.2%	445	2,631	316	36,544	-5.5%	115.6	42.4%	2.6%	140.6
10,344	25,641	29,607	35.1%	N/A	N/A	N/A	15,446	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
30,436	300,551	20,381	N/A	567	1,909	170	21,456	-16.0%	126.2	6.7%	-1.7%	226.9
10,416	11,475	15,886	N/A	426	1,538	364	25,066	24.0%	68.9	-3.0%	13.4%	103.5
36,901	43,537	10,655	59.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
12,827	14,386	6,046	N/A	N/A	N/A	152	12,724	N/A	83.7	-7.7%	0.7%	201.2
4,701	4,399	4,907	1.0%	286	703	297	8,437	-13.4%	28.4	4.4%	-4.5%	84.2
37,064	106,626	7,064	N/A	318	1,536	178	16,217	18.4%	91.1	18.8%	-16.8%	135.9
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
13,025	26,401	8,963	72.5%	267	1,206	271	12,486	38.0%	46.1	7.2%	3.4%	79.3
7,739	27,605	12,065	36.8%	186	1,066	236	11,119	1.9%	47.1	2.8%	0.9%	91.0
6,908	13,827	(2,002)	-6.7%	430	645	167	7,466	16.0%	44.7	7.5%	14.4%	117.1
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%	£0.0	0.0%	0.0%	N/A
23,444	18,974	9,089	13.0%	657	3,705	50	8,216	-6.9%	164.3	-9.9%	0.0%	361.4
22,255	71,568	15,112	32.9%	381	1,100	93	10,929	3.0%	117.5	-6.5%	-6.1%	192.6
6,161	11,496	1,042	N/A	113	933	241	5,828	44.2%	24.2	-8.3%	70.9%	72.1
14,665	28,309	13,309	52.6%	N/A	N/A	162	8,984	N/A	55.5	19.6%	-1.2%	107.1
12,196	15,750	9,629	32.6%	250	281	170	9,403	3.2%	55.3	4.5%	-2.3%	94.4
7,054	18,977	67	4886.6%	276	621	170	8,616	29.3%	50.7	3.5%	-9.6%	90.2
13,868	10,887	7,450	169.6%	158	253	200	6,750	0.0%	33.8	-10.8%	66.7%	78.6
22,975	67,753	3,908	N/A	501	1,966	121	10,454	N/A	86.4	-2.2%	-9.0%	126.5

DATA SOURCE: IMAS-insight

M&A up, values down in UK GI

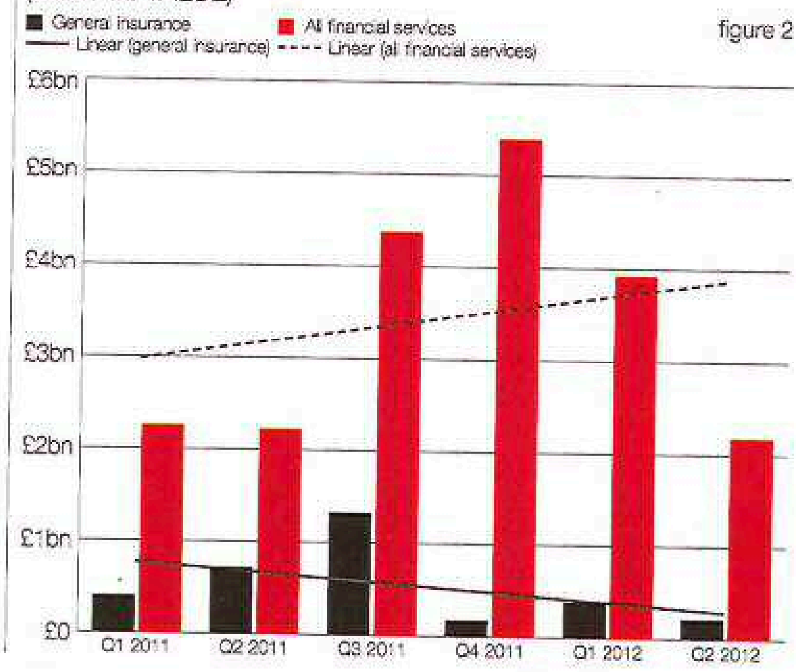
The UK insurance industry is stable as interest grows from overseas investors

VOLUME OF TRANSACTIONS REMAIN BROADLY STABLE
(£5M+ IN VALUE)
figure 1



Tony Green is a partner at IMAS

VALUE OF TRANSACTIONS IS DOWN IN UK GI
(£5M+ IN VALUE)
figure 2

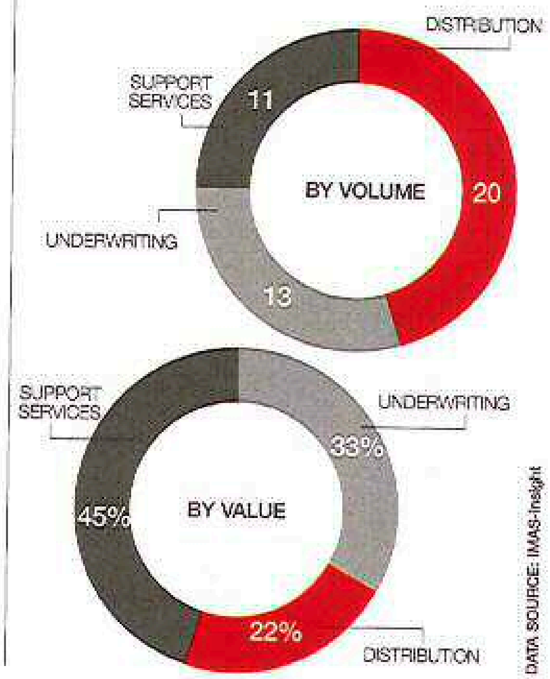


The world of M&A is full of comment and opinion but very few hard facts. IMAS has made a considerable effort to pull together data that for the first time allows a proper analysis of M&A activity within the UK financial services sector. In this article we are specifically looking at the general insurance industry over the past 18 months and contrasting this with what has happened in the wider UK financial services (FS) sector.

Transaction volumes in the GI sector have remained broadly stable (figure 1) – clearly nowhere near as high as in the heady days of 2007, but still a significant number. We estimate there are about 640 groups of companies worth more than £5m in the GI sector, so with annual transactions running at about 30, just under 5% of businesses are being traded in any one year. The equivalent number for the whole UK FS sector show annualised transactions running at slightly more than 100, which represents 3.4% of businesses. M&A activity in the GI space has therefore been around 45% higher than the overall FS space.

Looking at the aggregate value of deals provides a more complex picture of the sector, with the aggregate value for the overall FS increasing while that for GI deals decreasing. The weakness in the euro has forced the banking sector to continue restructuring, replacing actual and potential asset write-offs and repairing their battered balance sheets. However, given the time period we have analysed is only six quarters, it is important to recognise that the occasional enormous one-off deal can have a highly distortive impact on what >

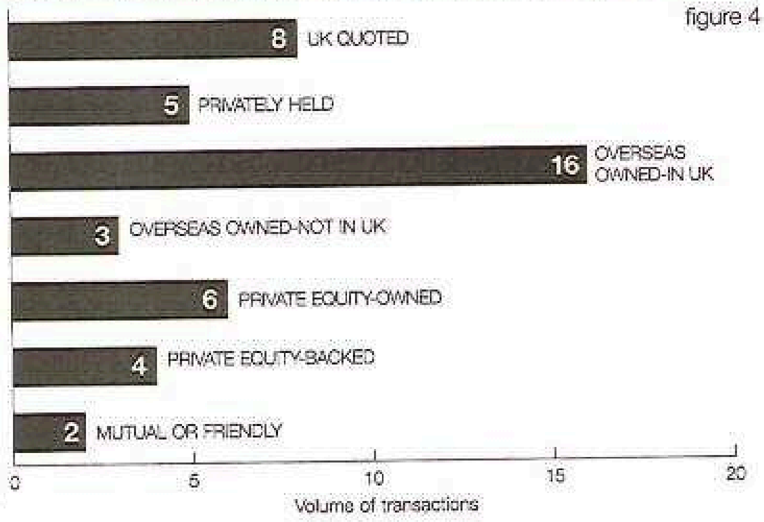
UK GI ACQUISITIONS
figure 3



DATA SOURCE: IMAS-Insight

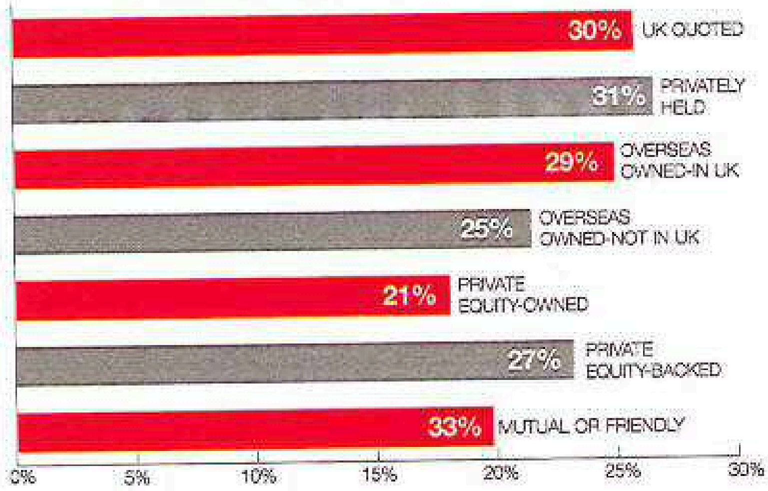
BUYERS OF UK GENERAL INSURANCE (£5M+ IN VALUE)

figure 4



GI BUYER TYPES AS % OF ALL FS BUYERS

figure 5



may be the underlying trend. In the case of GI we have included the RAC buy-out from Aviva by Carlyle Group as being within the GI support sector. This transaction was valued at £1bn and, as can been seen in figure 2, it drove GI transactions in Q3 2011 to the highest aggregate value by some margin.

Figure 3 shows that while brokers make up less than one-quarter of the aggregate deal values, they make up nearly half of the transaction volumes. This should be no great surprise given the number of brokers. What is arguably more surprising is exactly how many underwriting businesses have been traded in the period.

Not only have we been analysing the number of transactions, the value and the types of businesses being sold, we have also looked at who is buying. This is summarised in figure 4.

Taken as a whole, overseas buyers account for more acquisitions than the whole of the UK quoted sector, private equity transactions and private equity-backed companies combined. This clearly demonstrates the importance of the UK in the world's financial services sector.

Looking more closely at overseas buyers it becomes clear that most of the transactions are made by businesses with an existing UK presence. For example, Gallagher's recent transactions are classified as being made by an overseas buyer that is already in the UK. The chances of finding an overseas buyer without a UK presence are far less likely than those with an overseas buyer already in the UK.

Interestingly it appears that many overseas buyers will establish a small UK operation before making a major acquisition. In June this year IMAS acted for Schneider, the leading corporate foreign exchange (FX) dealer in the UK in a deal worth $100m (£63m). The buyer was a Mexican-based FX business that already had a small Oxford-based FX operation. Having dipped its toe in the water it felt confident enough to make a major strategic move.

And where do these overseas buyers come from? Predominately the United States. The US represents more than 60% of the overseas buying activity. No other country makes a strong showing. Chinese companies are talking, but to date have been very cautious.

Are the buyers of GI different from the rest of the FS industry? Apparently not. Figure 5 contrasts each buyer group against their activity in the broader FS sector. In GI, private equity makes a comparatively poor showing while mutual companies are well represented. Mutuals continue to be a feature of GI, and their longer-term view has seen the downturn as an investment/buying opportunity.

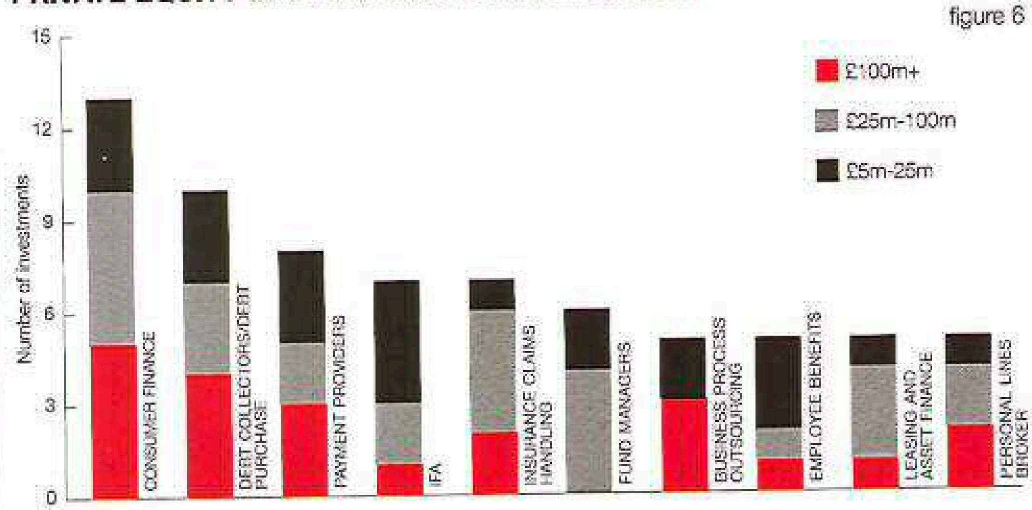
Private equity's relatively poor showing in the GI sector (as shown in figure 6) reflects that many of the businesses, and brokers in particular, are very much people-based and private equity finds it hard to get comfortable that its assets walk out of the building every night. Underwriting tends to generate lumpy returns, which are not compatible with debt financing. That being said private equity continues actively to look for opportunities in a sector in which they are under-represented.

Looking ahead it is possible to remain relatively sanguine about the GI sector. The industry has been reasonably robust, with only AIG needing to be bailed out. While the euro crisis is impacting the position of many of the European insurers, the UK market for insurance has remained largely stable.

As the world globalises, Britain's position will continue to see overseas interest in acquisitions and investment. This will underpin prices of those businesses that have international reach. However, until the economic storm clouds have cleared transactions values will not reflect 'hope' value but more the existing underlying earnings potential of the target.

PRIVATE EQUITY INVESTMENTS BY VALUE RANGE

figure 6



DATA SOURCE: IMAS-Insight