

Insurance Times

Top 50 Brokers 2019 6-17

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Find out which brokers placed from 6-17 in the Insurance Times Top 50 Brokers 2019

6. Arthur J Gallagher International

2018: 4

UK chief executive: Simon Matson

Brokerage: £662.7m

Management

Arthur J Gallagher dropped out of the top five this year after its brokerage fell by more than 10% to £662.7m.

This represents a steep decline for the business, which just two years ago ranked in the UK's top three largest insurance brokers.

Simon Matson has replaced Grahame Chilton as chief executive, having previously headed up Gallagher's London Market and Alesco businesses. That role is now filled by John Thompson, who started in the job in September 2018.

Matson is supported in his new role by UK retail chief executive Michael Rea and chief financial officer Charlie Scott.

Strategy

Arthur J Gallagher's fall down the rankings hasn't been halted by a return to the acquisitions trail that started with the purchase of Risk Services in May 2018 after a four-year hiatus.

The broker went on to complete four UK-based deals in 2018, and began 2019 with the £268m purchase of Stackhouse Poland, which received regulatory approval in April.

Rea said that the acquisition would help boost Gallagher's organic growth, with the Stackhouse Poland brand "growing at around 4%-5% each year", and that no job losses were expected as a result of the deal. Instead the broker would "invest in more people, not fewer" if it continued on its expected growth trajectory.

Globally, Gallagher had free cashflow of \$641m in 2018, according to full-year accounts and, in a call to analysts announcing first quarter results, Gallagher management revealed that its total M&A capacity was \$1.5bn – and this was even before stock had been added into the mix.

Rea told *Insurance Times* that he already had a couple UK deals in the pipeline that could be expected to be completed before the end of the year, with a particular focus on specialist brokers and "something that gives us an edge".

7. Hyperion Insurance Group

2018: 7

Chief executive: David Howden

Brokerage: £578.9m

Management

Hyperion has made seventh spot its own as it secured its customary place in the *Insurance Times/IMAS Top 50 Brokers* with brokerage of £578.9m, an increase of 7% on last year's £541.7m, when it first broke the half billion pound barrier.

David Howden, who founded the business in 1994, remains as chief executive and in January 2019 committed his future to the business until at least 2028 as Hyperion became the world's largest non-US owned insurance intermediary.

Howden is supported in his role by new interim chief financial officer Richard Houghton, previously interim chief financial officer at the Co-operative Insurance Society.

Houghton took on his latest role at the end of 2018 after Richard Corbett left the business "to pursue the next stage of his career". It followed the completion of an investment by Caisse de dépôt et placement du Québec and debt refinancings.

Strategy

Hyperion has focused on buying back equity from aging employee shareholders over the last year, on which it spent £63m last year 2018. Currently 650 employees own 44% of the group, but Howden wants 1,000 of the group's 4,500 staff to be shareholders within the next three to five years.

The release of the group's full year results up to September 2018 revealed the group spent £145m on investments and acquisitions, in a period when the debt to EBITDA ratio increased to 4.3 from 3.8.

But Howden insists this is within the ratio of between four and five that the group aims for, and claims it differentiates the group from industry consolidators.

"Our M&A strategy has always been selective," he says. "We are not a consolidator, which is why we have very low debt. If you want to be a consolidator you need to be leveraged at six or seven times."

In March 2019 the group's debt rose to £1.142bn as the latest tranche, a £100m loan, was added.

8. Hastings Insurance Services

2018: 9

Chief executive: Toby van der Meer

Brokerage: £335.3m

Management

Hastings jumped one place to eighth despite brokerage standing still at £335.5m, marking its second year in the top 10.

Toby van der Meer remains at the helm as chief executive, having taken up the role in March 2018 after serving as managing director of the broker's retail division since 2011.

Van der Meer is supported in his role by chief financial officer John Worth, who joined the board in May 2019 after a similar same role at MS Amlin, the Co-operative Bank, Hiscox and Aspen. Worth replaces former chief financial officer Richard Hoskins, who has retired from the industry.

Other additions to the leadership team include Mark Parker as chief operating officer and Elizabeth Chambers as an independent non-executive director. Former chief executive Gary Hoffman, meanwhile, is still at the business in his new role as chairman.

The firm also launched gender, ethnic and age workforce diversity programmes to strengthen the diversity and power of the workforce.

Strategy

Hastings has invested heavily in technology over the last year, rolling out a new mobile app and enhanced functionality for its customer portal. It is aiming to release additional functionality over the course of 2019.

This investment means that more than one-quarter of total loss claims are being settled through its end-to-end digital total loss tool.

Van der Meer said: "We have made good progress on building our next-generation technology solutions including our core platform, pricing, anti-fraud and digital capabilities in particular."

The broker also completed implementing its Guidewire programme this year across claims, broker and billing and added a digital layer on top.

Hastings says this provides a scalable platform for growth as well as allowing the streamlining of claims and enabling customers to interact digitally with the broker.

9. Lockton

2018: 10

Chief executive: Neil Nimmo

Brokerage: £324.8m

Management

Lockton climbed to ninth place, marking the broker's third year in the top 10.

Brokerage grew by 8% to £324.8m and, while not as impressive as the 11% and 22% growth rates achieved in the 2018 and 2017 editions of the Top 50 Brokers, it still represents good progress for the broker as it closed the gap on Hastings in eighth.

Neil Nimmo remains as chief executive, having taken on the role after Mike Hammon retired in 2016. He joined Lockton in 2007 as part of the management team leading the acquisition of Alexander Forbes.

In the broker's Kansas HQ, Ron Lockton, son of the firm's late founder Jack, remains global chief executive, a role he has held since replacing Glenn Spencer who left the business for "personal reasons" in July 2017.

Strategy

Lockton has more than 90 offices globally, with 11 in the UK. The broker employs 7,000 staff worldwide, serving 52,000 clients, making it the world's largest privately held independent insurance broker.

The broker reported record group revenues in 2018, meaning that it has grown revenue every year of its 53-year history.

Ron Lockton said: "As more companies in the industry turn to consolidation, our results show that our freedom as a private company is rocket fuel for growth. Our commitment to staying independent creates long-term value for our clients and Associates."

Lockton also entered into the reinsurance business with the creation of a new global reinsurance business, Lockton Global Re, led by Tim Gardner, former chief executive of North America operations for Guy Carpenter.

Ron Lockton added: "By adding this outstanding, experienced and innovative leadership team, Lockton is going all in on reinsurance.

"We are filling a void in the marketplace, building our platform the right way by focusing on value creation for our clients."

10. Saga Services

2018: 11

Chief executive: Gary Duggan

Brokerage: £253.1m

Management

Saga Services breaks into the top 10 of this year's *Insurance Times/IMAS Top 50 Brokers*, despite its brokerage shrinking by more than 10% after a troubled 2018.

Gary Duggan remains as chief executive, having joined in September 2017 from BGL where he was managing director of Junction, the group's general insurance partnerships business. Prior to that, Duggan held a number of chief executive and managing director roles at Towergate, Barclays, GE & HBOS.

Strategy

Saga was hit hard by the FCA's crackdown on renewal rates and dual pricing, with the group crashing to a £134.6m loss. This included a £310m insurance goodwill writedown for the January 2019 year-end results – with its share price going into freefall after the announcement, plummeting 32%.

In response, the broker launched a fixed premium product, which guarantees the same price for three years providing there are no claims in the period and that there is no change to insurance premium tax.

Duggan told Insurance Times his team knew the offer would resonate with “large swathes” of Saga’s over-50s market after tests of the product in October 2018, and revealed more than half of its customers have opted to take the option on their motor or home policy.

He said Saga had found that market price was not always the deciding factor for the over-50s when purchasing home or motor insurance.

And having seen the strong take-up since the soft launch in April 2019, Saga has now debuted its first integrated advertising campaign in eight years to promote the offer across TV, press, online and social media.

Duggan revealed Saga is currently testing other products it plans to bring to market and is building brand awareness.

11. A-Plan Group

2018: 14

Chief executive: Carl Shuker

Brokerage: £169.2m

Management

The A-Plan Group climbed three places to 11th after growing its brokerage by almost 13%, missing out on a place in the top 10 with brokerage of £169.2m.

Carl Shuker remains as chief executive, a position he has held for 11 years after a management buy-out preceding the firm’s acquisition by HgCapital in 2015.

Strategy

A-Plan acquired around 55,000 personal lines policies from Jelf in a deal agreed in October 2018 for an unconfirmed price. Shuker said A-Plan still held most of these policies and that A-Plan already handled more than 600,000 customers before the deal went through.

Shuker also confirmed to Insurance Times that the high-street broker had picked up two new offices through the deal with Jelf, in Evesham and Malvern, along with 19 new staff members.

Shuker said Jelf will pass future personal lines customers onto A-Plan in a distribution arrangement included as part of the deal.

Shuker said: “We respect them very much as a high quality commercial lines SME broker in the same way that I believe they have a high regard for us as a high quality personal lines broker.”

The Jelf deal follows the broker’s acquisition of Endsleigh in 2017, as well as the purchase of personal lines and SME broker Oliver & Sanders.

But Shuker added that the influx of new customers would not affect the rate that it opened new offices.

“We will still be targeting three or four new branches each year,” he said. “We distributed the new customers from Jelf to our offices in a very geo-targeted way to the branch that was most appropriate.”

The strategy bucks the trend compared with other brokers who are reducing their high street presence, with A-Plan still having ambitions to more than double its physical footprint as it continues to expand.

12. Miller

2018: 16

Chief executive: Greg Collins

Brokerage: £155.4m

Management

Miller Insurance grew its brokerage by more than one-third over the last year, as it climbed four spaces to 12th in the 2019 edition of the Insurance Times/IMAS Top 50 Brokers, reporting brokerage of £155.4m, up from £116.6m in 2018.

Greg Collins remains as chief executive after taking over from Graham Clarke, who moved on to chairman after 16 years at the helm.

Collins joined Miller in 2004 to lead its professional risks business. He was appointed to the Miller Board in 2007, became chief operating officer in 2011 and was subsequently promoted to deputy chief executive in 2016.

Collins is supported by chief financial officer Martin Davison, who was appointed to the Miller board in 2009 having joined the company in 1995.

Strategy

Miller is a specialist (re)insurance broker operating through Lloyds, the London market and internationally, and is majority owned by Willis Towers Watson (WTW).

WTW has held an 85% majority stake in Miller since 2015, but the broker is keen to emphasise its independence.

Miller has a keen focus on the Asia Pacific and North America regions for growth, completing several key senior hires in its Singapore office in recent years, but that does not mean it is neglecting its UK and London market ambitions.

In October 2018 the broker acquired Alston Gayler and Co (AG), saying the purchase will bolster Miller’s offering to clients and strengthen its position in the London market and as a specialist broking platform.

The deal is still subject to regulatory approval, but announcing the deal Collins said: “AG and Miller are aligned in numerous ways, including our client-focused approach, values, high level of expertise and strategic vision.”

13. Integro

2018: 13

Co-heads: David Abraham, Jason Collins and Bob Pybus

Brokerage: £151.7m

Management

Integro cemented its place in 13th in the Insurance Times/IMAS Top 50 Brokers listings despite a 4% fall in brokerage.

The wholesale division remains under the control of both David Abraham and Jason Collins, with Bob Pybus heading up corporate and private clients.

Strategy

Integro has rebranded its wholesale division as Tysers after its acquisition as the Tysers brand in March 2018.

Integro chief financial officer Andrew Behrends told Insurance Times that the decision to merge and rebrand the wholesale operations had been planned since the acquisition.

“Tysers is obviously a strong global brand within the Lloyd’s market, but as importantly has a strong depth and breadth of brand internationally, with a 200-year history,” he said. “This brings us a more recognisable name.”

The Lloyd’s-focused wholesale division makes up two-thirds of the company’s UK business. The group also has an entertainment and sports division and a UK retail corporate and private clients division that will remain branded as Integro, with all three continuing to be held under the Integro holdings company.

Reports in September 2018 that Integro could be broken up as owner Odyssey Investment Partners explored a sale came to fruition in January 2019 when the broker’s US business was sold to EPIC Holdings, with funds raised to be used to finance UK acquisitions.

Behrends said: “While the two geographies were very complimentary, the sale of the US business is a vote of confidence in the wholesale business, and broadly the UK business in totality.

“I’m bullish on our opportunity in the UK and it really allows us more capacity to make investments in the UK and continue to grow our business.”

He said acquisitions could be made to increase the number of people working in the wholesale division from the Lloyd’s office, or to bolster its smaller UK retail offering and open offices elsewhere in the country.

14. Global Risk Partners

2018: 17

Chief executive: David Margrett

Brokerage: £135.0m

Management

Global Risk Partners (GRP) continued to climb the ranks as it rose from 17th off the back of a 32% rise in brokerage fuelled by continued acquisitions.

David Margrett continues as chief executive, while Peter Cullum remains as chairman of the business he co-founded back in 2013.

Mike Bruce, meanwhile, was promoted to the newly created role of group managing director. Previously chief executive of broking, Bruce's three year stint saw a fruitful period when the group made 29 acquisitions, including regional hubs County Group, Higos, Alan and Thomas, Green Insurance and ABL Group.

GRP's acquisition spree continued with the purchase of Trimulgherry Investments Ltd for an undisclosed sum at the beginning of 2019. Bruce said the acquisition was a "significant addition to GRP's overall GWP, which is now greater than £700m".

Since then, the group has added several other brokers to its roster, taking the total number of businesses it has acquired since its formation in 2013 past 50, and those brokers higher up the listings will be looking over their shoulders nervously.

Strategy

In May 2015 GRP was hit by Aviva's decision to withdraw its agency from the broker, but the capacity has since been replaced by Allianz, AXA and Zurich among others.

Bruce said the broker bore a disproportionate amount of criticism at the time, but insists many clients are better off because of the events.

"The reaction has been very positive, because like all things that happen it presents opportunities for others," he said. "Because insurers have recognised that it's good quality business, they have offered our clients enhanced wordings and enhanced propositions.

"So out of what many people thought would be a big problem for GRP, there's actually been an upside for our clients."

15. AA Insurance Services

2018: 15

Chief executive: Simon Breakwell

Brokerage: £119.0m

Management

AA Insurance Services remains in 15th place in the Insurance Times/IMAS Top 50 Brokers despite an 11% drop off in brokerage to £119m, down from £133m in 2018.

Simon Breakwell remains at the helm as chief executive, a position held since September 2015 after taking the job on an interim basis a month earlier.

Mark Strickland was appointed as interim chief financial officer in April 2019 after former chief financial officer Martin Clarke left to support anti-Brexit party Change UK.

Janet Connor has been managing director of the insurance business since August 2014.

Strategy

In April 2019 the broker announced a three-year strategic partnership with Admiral on a breakdown assistance contract to offer AA Roadside Assistance to Admiral's 4.3 million UK motor insurance customers. The firms said they hoped the partnership would evolve beyond breakdown assistance.

Breakwell said: "It is a strong endorsement of our strategy. Partnerships are paramount to the success of this syndicated B2B model and the growing insurance market is critical."

The move follows the AA renewing its relationships in the motor manufacturer sector with Jaguar Land Rover, Volkswagen Group, Suzuki and Ford Europe. Its fleet and easing segment is also continuing to grow with the retention of Lex Autolease and the addition of Arval to its portfolio, and it recently acquired Prestige Fleet Servicing.

A five-year extended contract between the AA and Lloyds Banking Group was also recently announced.

The broker will be hoping that these partnerships help to revitalise its financial performance after pre-tax profits slumped by more than £53m for the year ended January 2019.

The firm blamed the fall on its £26m investment in its roadside assistance and insurance business.

16. PIB

2018: 18

Chief executive: Brendan McManus

Brokerage: £114.4m

Management

PIB reported an increase in brokerage of more than 17% to £114.4m, breaking the £100m barrier and climbing two places to 16th in this year's Top 50 Brokers from Insurance Times and IMAS.

Brendan McManus remains as group chief executive, having previously filled the same role at Willis UK, Giles Group and Gallagher UK.

McManus is supported by chief financial officer Ryan Brown. Brown previously spent more than 15 years as an investment banker focused on the financial services sector with Fox-Pitt, Kelton and Keefe, Bruyette & Woods, before moving to Towergate, where he was group M&A director and finance director of Towergate Underwriting.

Strategy

PIB has continued its strategy of growth by acquisition, and completed its 20th deal since 2016 with the acquisition of Cobra Group in June 2019. The deal will take the premium placed or influenced by PIB from £550m to £900m and the total headcount to more than 1,200 employees.

The Cobra move follows reports that PIB was aiming to raise cash for acquisitions. PIB has hired Deloitte to help renew its capital structure, with plans to increase its leverage so that it has the capacity to strike

more deals. It already has a £90 million credit facility, which it is aiming to increase to between £100 million and £200 million.

“We are at a natural point where we have outgrown our existing banks and the debt facilities we’re in,” Brown said. “We’re a very different size and scale today to what we looked like 18 months ago when we first put the facility in place, so we’re conscious we can put in place a bigger and more flexible facility that supports the growth ambitions we have.”

17. BMS Broking Group

2018: 19

Chief executive: Nick Cook

Brokerage: £99.8m

Management

BMS has grown its brokerage by more than 17% to climb two places to 17th, closing in on the £100m barrier in the process.

Chief executive Nick Cook remains in charge of the business, which now has 16 offices worldwide with headquarters in London, having held the position since 2013.

Meanwhile, former Brit Insurance head Dane Douetil continues as group chief executive.

Strategy

The employee-owned broker has agreed to new “significant long-term investment” in a deal valuing the firm at £500m.

The investment is by affiliates of pension fund British Columbia Investment Management Corp (BCI) and mid-market private equity firm Preservation Capital Partners (PCP).

Gordon Fyfe, chief executive and chief investment officer of BCI, said: “As an investor of patient capital, we seek companies with a sustainable competitive advantage that offer value-add services and are led by talented management teams.

“BCI’s long-term investment in BMS allows them to grow the business and generate the returns that our pension plan and accident fund clients require. Our investment also provides regional and sector diversity to our clients’ private equity portfolio.”

The BMS management team will all stay in their roles after completion and management and staff will remain significant shareholders in the company.

Cook said: “The long-term investment by BCI and PCP secures our future as an independent broker and maintains significant employee ownership. We have grown consistently over the past five years, generating revenues in excess of £100m for the first time in 2018.”

After the transaction’s completion, Pioneer Underwriters will be owned directly by the shareholders of Minova Insurance, the holding company that had previously owned BMS.

The deal is subject to regulatory approvals and is expected to close in the third quarter of the year.