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DATA & RANKINGS

WORLD'S 10 LARGEST INSURANCE BROKERS

Ranked by 2019 brokerage revenue

2020 rank	2019 rank	Company/office/website	Officers	2019 brokerage revenue	% increase (decrease)	Employees	Offices	PERCENTAGE OF REVENUE*							
								Commercial	Wholesale	Reinsurance	Personal lines	Employee benefits	Services	Investments	Other
1	1	Marsh & McLennan Cos. Inc. ¹ New York www.mmc.com	Daniel S. Glaser, president-CEO	\$16,752,000,000 ²	12.1%	76,000	840	48.0%	0%	8.9%	0%	30.1%	12.7%	0.9%	(0.5%)
2	2	Aon PLC London www.aon.com	Gregory C. Case, CEO	\$10,939,000,000	2.1%	50,000	500	42.1%	0%	15.2%	0%	31.4%	0%	0.7%	10.7%
3	3	Willis Towers Watson PLC London www.willistowerswatson.com	John Haley, CEO	\$8,941,000,000	6.3%	46,600	400	26.2%	2.6%	11.3%	0.8%	50.5%	7.50%	0%	1.1%
4	4	Arthur J. Gallagher & Co. Rolling Meadows, Illinois www.ajg.com	J. Patrick Gallagher Jr., chairman- president-CEO	\$5,716,400,000	11.9%	33,247	880	32.3%	11.1%	1.4%	4.0%	17.1%	13.6%	20.6%	0%
5	5	Hub International Ltd. Chicago www.hubinternational.com	Martin P. Hughes, executive chairman; Marc Cohen, president-CEO	\$2,391,788,134	11.4%	12,633	494	47.6%	6.5%	0%	17.2%	27.6%	0.7%	0.4%	0%
6	7	Brown & Brown Inc. Daytona Beach, Florida www.bbinsurance.com	J. Powell Brown, president-CEO	\$2,384,737,230	18.7%	10,083	314	33.7%	32.8%	0%	6.2%	19.0%	8.1%	0.2%	0.1%
7	6	Truist Insurance Holdings Inc. ⁴ Charlotte, North Carolina www.truist.com	John Howard, chairman-CEO	\$2,270,817,000	12.6%	7,412	123	30.3%	47.4%	0%	6.7%	10.9%	4.1%	0.6%	0%
8	8	Lockton Cos. LLC ⁵ Kansas City, Missouri www.lockton.com	Ron Lockton, chairman; Peter Clune, CEO	\$1,867,579,000	9.4%	8,000	100+	57.6%	5.2%	2.3%	1.1%	32.9%	0%	0.9%	0%
9	9	USI Insurance Services LLC Valhalla, New York www.usi.com	Michael J. Sicard, chairman-CEO	\$1,831,286,102	10.0%	7,572	182	49.8%	3.9%	0%	5.2%	38.8%	0%	0.5%	1.8%
10	10	Acisure LLC Caledonia, Michigan www.acisure.com	Gregory Williams, president-CEO	\$1,806,569,263	31.1%	8,013	538	54.4%	2.7%	2.6%	9.9%	19.7%	0%	0.5%	10.0%

*Percentage of revenue may not add up to 100% due to rounding. ¹Acquired Assurance Agency Ltd. on April 1, 2019. ²BI estimate of pro forma revenue to reflect acquisition of Assurance Agency Ltd. ³Restated. ⁴Formerly BB&T Insurance Holdings Inc. Name changed with acquisition of SunTrust Banks Inc. in June 2019. ⁵Fiscal year ending April 30.
Source: BI survey



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4 Arthur J. Gallagher & Co.

2019 brokerage revenue: **\$5.72 billion**
 Percent increase (decrease): **11.9%**

The coronavirus pandemic briefly slowed Arthur J. Gallagher & Co.’s acquisition strategy this spring, but strict cost-containment measures and solid business retention rates make it unlikely that the brokerage will take a substantial blow to its revenue or profit this year, its top executive says.

Entering 2020, Gallagher was “hitting on all cylinders on a global basis,” said J. Patrick Gallagher Jr., chairman, president and CEO of the brokerage. “It was like Goldilocks time — it was going to be an incredibly record year. Our first quarter was strong, but we are going to feel the impact of the drag on the economy.”

Gallagher reported an 11.9% increase in revenue in 2019, ending the year with revenue of \$5.72 billion and a 6% organic growth rate, retaining its No. 4 spot in *Business Insurance’s* 2020 ranking of the world’s largest brokerages. In this year’s first quarter, Gallagher posted a 9.5% increase in brokerage revenue to \$1.44 billion; organic revenue rose \$40 million, or 3.1%.

The brokerage completed 49 acquisitions in 2019 with total estimated annual revenue of \$468 million, which was a significant revenue increase over 2018 when it closed 44 deals with estimated annual revenue of \$317.9 million. The brokerage closed eight acquisitions in the first quarter of this year, with estimated annual revenue of \$124.2 million.

While most of Gallagher’s acquisitions are in the \$1 million to \$50 million annual revenue range, the brokerage’s acquisi-



J. Patrick Gallagher Jr.

tion of the aerospace division of Jardine Lloyd Thompson Group PLC in June 2019 and the United Kingdom specialist insurance broker Stackhouse Poland Group Ltd. in April 2019 were significantly more than the average.

This year’s COVID-19 shutdowns have largely led to a standstill in mergers and acquisitions activity in the brokerage space, said J. Paul Newsome Jr., Chicago-based managing director of equity research at Piper Sandler & Co.

However, Gallagher announced several acquisitions in June, and Mr. Gallagher said more are in the works.

“(Gallagher) doesn’t have the shortage of cash that maybe some private-equity brokers have had to struggle with. ... It makes it easier for them to get deals done with a little less competition than they’ve faced in the past,” said Meyer Shields, Baltimore-based managing director at Keefe, Bruyette & Woods Inc.

At the end of this year’s first quarter, the brokerage had \$1.1 billion of liquidity, with nearly \$300 million in cash on hand and the rest in an untapped credit facility.

“It’s quite possible that a number of companies will back away

from the acquisition market, holding on to capital, because their margins are more hurt by the pandemic than public companies,” Mr. Newsome said.

In another consequence of the pandemic, Gallagher implemented cost-cutting measures. The brokerage eliminated discretionary spending, limited the use of temporary help and consultants, instituted wage and hiring freezes, and cut 4% of its workforce, which combined could save it as much as \$50 million to \$75 million per quarter, according to its first-quarter financial report.

Although it did not implement an across-the-board salary reduction, Mr. Gallagher said the brokerage’s executives will see “a significant difference” in bonus accrual.

About 20% to 25% of Gallagher’s book is in business segments that have been significantly hit by the pandemic, such as the hospitality sector, but the brokerage has seen an uptick in new business

and account retention, he said.

“While we may take a hit because of exposure units, we’re not going to take a hit because of lost business,” Mr. Gallagher said. “The benefit we’re getting from the pandemic is that having resources now is becoming a differentiator in the marketplace. Our size and breadth of capabilities makes us attractive.”

Gallagher will likely see some pressure on revenue in the next few quarters as a result of the pandemic, said Mark Dwelle, director of insurance equity research at RBC Capital Markets LLC in Richmond, Virginia.

“Companies like Gallagher and other brokerages end up being something of an intermediary between the insurance carrier and the buyer to try to get them premium credits and policy limit adjustments and things like that in order to help people out with their cash flow,” he said. “Sometimes that costs them some of their commissions.”

Angela Childers

LARGEST BENEFITS BROKERS

Ranked by 2019 global benefits revenue

Rank	Company	2019 employee benefits revenue	% increase (decrease)	% of 2019 gross revenue
1	Marsh & McLennan Cos. Inc.	\$5,021,000,000	6.1% ¹	30.1%
2	Willis Towers Watson PLC	\$4,561,000,000	8.7%	50.5%
3	Aon PLC	\$3,484,000,000	0.7%	31.6%
4	Arthur J. Gallagher & Co.	\$1,227,022,000	10.8%	17.1%
5	NFP Corp.	\$742,636,000	9.1%	50.8%
6	USI Insurance Services LLC	\$726,330,849	10.2%	38.8%
7	Hub International Ltd.	\$663,038,077	14.2%	27.6%
8	Lockton Cos. LLC ²	\$620,493,000	12.7%	32.9%
9	Brown & Brown Inc.	\$453,694,347	35.0%	19.0%
10	Alliant Insurance Services Inc.	\$409,937,817	13.1%	25.8%

¹Restated. ²Fiscal year ending April 30. Source: BI survey