Commercial Insurance Broking: A Strategic Review of the World’s Top 150 Commercial Non-Life Insuranc

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Finaccord produces the world's first-ever ranking of the top 150 insurance brokers by revenues earned from commercial lines broking.
New research from Finaccord has calculated for the first time a definitive ranking of the world's top 150 broking groups by revenues earned from commercial non-life (P&C) insurance, excluding revenues from personal lines, employee benefits, wholesale insurance and reinsurance. In total, the top 150 brokers earned revenues of USD 28.5 billion from this activity in a global market estimated to have been worth USD 48.5 billion in total in 2013, thereby meaning that they accounted collectively for 58.8% of this total.

Aon was the largest competitor with commercial lines revenues of USD 6.1 billion worldwide in 2013 and it was followed by Marsh at USD 5.1 billion. Overall, and as shown in the ranking visible here or the link above, the top 15 broking groups by this measure together earned revenues of USD 20.9 billion (or 43.1%) of the worldwide total. (Note that OAMPS Insurance Brokers, ranked 15th in the table, was acquired in April 2014 by fifth-placed Arthur J. Gallagher & Co; however, it is included in the table as it still operated independently of any other broking group during 2013 itself).

Finaccordâ€™s research also shows that across the worldâ€™s top 150 commercial non-life insurance broking groups, 67 (44.7%) were headquartered in the US with a further 24 based in the UK, 14 in France, 12 in Germany and eight in Canada.

â€œThe strong presence of North American brokers in the ranking is primarily due to the huge size of the US and Canadian commercial property and casualty markets and the fact that brokers (including independent agents) dominate distribution in both the US and Canadaâ€•, commented Bernd Bergmann, a consultant at Finaccord. â€œIn addition, a number of large brokers in North America are driving their growth through acquisitions while the majority of their counterparts in Europe rely more on organic growth.â€•

For the majority of the 150 brokers in the ranking, commercial non-life insurance is the most important source of revenues. In fact, 22 of the 150 groups earned more than 90% of their total revenues from commercial lines in 2013 while for 122 this activity made up at least half of their revenues. In fact, as an unweighted average across all 150 groups, commercial lines broking revenues accounted for 64.4% of total revenues.

â€œWhile most brokers are also active in other areas, including personal insurance, employee benefits, wholesale insurance and reinsurance, their main focus typically lies in selling property and casualty insurance products to commercial customersâ€•, continued Bergmann.

When ranked according to the proportion of commercial non-life broking revenues secured outside of their home market, Willis came first with a figure of 90% in 2013. It was followed by Howden Broking Group (80%), JLT Group (78%) and RKH Group (74%) meaning that the top four groups by this measure were all UK-based firms. In total, nine groups earned more than 50% of their commercial non-life broking revenues from international markets in 2013.

Finaccord also examined the number of acquisitions made by the 150 groups between January 2012 and June 2014. 61 of the 150 groups had made at least one acquisition relevant to commercial lines broking and ten had made at least ten such acquisitions. On this measure, UK-based Towergate was ranked first with 48 acquisitions, ahead of Arthur J. Gallagher & Co. and HUB International with 43 each, USI Insurance Services with 27 and AssuredPartners with 26.

â€œThe global ranking may see some important changes in future if competitors such as Arthur J. Gallagher & Co., HUB International and Towergate continue purchasing other brokers at such a rapid pace. In particular, given some of the acquisitions announced recently by Arthur J. Gallagher & Co., which include Noraxis Corporation in Canada and The Oval Group in the UK as well as OAMPS Insurance Brokers, the US-based brokerage may substantially shorten the gap to Willis which is currently ranked third,â€• concluded Bergmann.

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