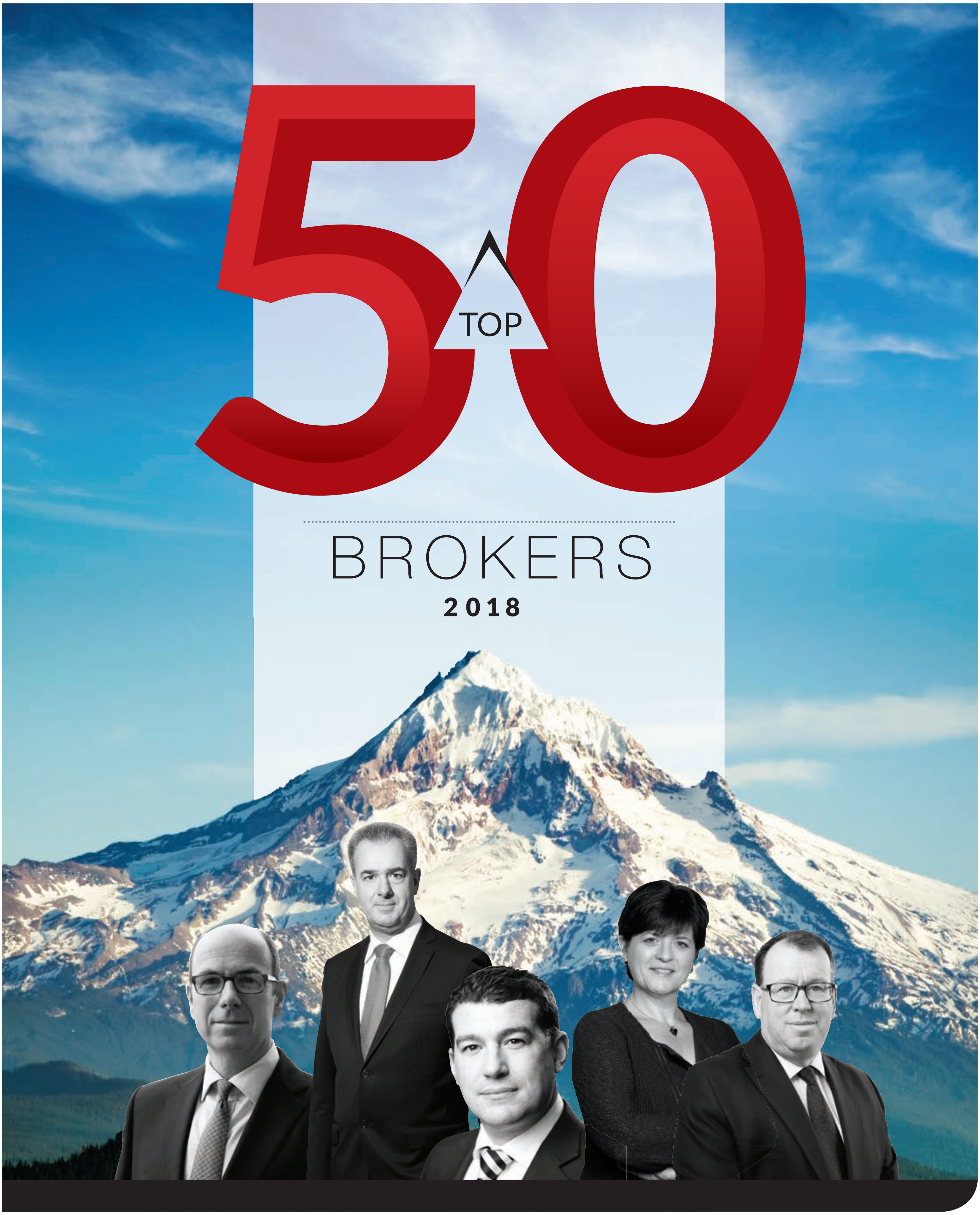
Insurance Times

IN ASSOCIATION WITH

imas

SPONSORED BY

TOKIO MARINE HCC



DEPENDABLE
LONG TERM
COMPETITIVE
SUPPORTIVE
NO NONSENSE
ACCESSIBLE
EXPERIENCED
HANDS ON
TRUSTED

MGB
INSURANCE BROKERS

THE FULL SPECTRUM OF BROKING EXPERTISE

MGB is one of the leading and most trusted wholesale brokers in the London Market. Our expertise in arranging **Professional Indemnity, Directors & Officers, Management Liability, Financial Institutions** and **Medical Malpractice** is complemented by our experienced and 'hands on' claims team, that supports you when your clients have to notify claims.

We have a real understanding of, and access to, Lloyd's Market and surrounding Companies. We know the key people – both Lloyd's syndicates and Companies – and more importantly know what we are doing.

Call us on **020 3757 0123** or visit our website **www.mgbib.com**

Contents

Editor
John Manley
Insight editor
Matt Scott
News editor
Mark Richardson
Reporter
Scott McGee
Reporter
Clare Ruel
Researcher
Savan Shah
Director of content
Saxon East
Head of sales
Richard Turner
Account executive
Jack Thomson
Delegate & recruitment sales
Leah Keating
Head of paid content
Hayley Charlick
Marketing director
Alex McLachlan
Head of acquisitions & marketing
Alison Towle
Head of data & customer insight
Rachael Dunderdale
Head of digital operations
David Rattray
Head of events
Mandy O'Connor
Production manager
Julian Creber
Head of finance
Paul Carey
Managing director
Tim Potter

Customer services
info@customerservice.insurancetimes.co.uk

Printed by: Warners Midlands Plc. © 2018. All rights reserved. No part of this publication may be reproduced or transmitted in any form, by any means, electronic or mechanical, including recording, photocopying or any information storage or retrieval system, without written permission from the publisher.

Expect more.

From your insurance partner

Give your SME clients more by choosing Markel:

- Insurance coverages tailored for individual industry sectors
- A service philosophy that focuses on meeting the needs of our customers – first
- Expert legal, tax and consultancy services to complement your insurance
- Access to our in-house range of essential business support on and off-line 24/7/365

Find out more about Expect more and give yourself the chance to win the sporting experience of a lifetime at BIBA on Stand B2.

MARKEL®

Matt Scott
Insight Editor

New guard puts old order on notice

While Marsh and JLT have kept their places at the top of the list, newcomers Aston Lark and GRP are among new contenders that are making waves

Expect further growth and a possible climb up the table from Aston Lark next year

It's been a busy year for insurance brokers in UKGI, with big deals, newly formed groups and rapid growth continuing to keep brokers on their toes.

Overall brokerage for this year's *IMAS/Insurance Times Top 50 Brokers* has grown by a total of 9% to more than £9.3bn, with the average business on the list growing its brokerage by almost a quarter over the year.

This growth has been largely helped by continued consolidation, which has been high on the agenda once again for UK brokers, with the new breed of consolidators continuing their rapid pace of acquisition and the likes of Arthur J Gallagher International returning to the M&A table after a four-year hiatus during which it looked to steady the ship and allow previous acquisitions to integrate into the business.

£9.3bn
▲ Up 9%
Total brokerage of Top 50 Brokers

Peter Cullum's GRP was the busiest broker over the year in terms of number of deals completed (read more on p14) with the broker almost doubling the brokerage under its control over the past year.

One to watch

Aston Lark in 24th place will be one to watch, with the merger of Aston Scott and Lark Group making the newly formed business the UK's fifth largest chartered insurance broker in the UK.

Chief executive Peter Blanc has already stated his intention to deliver more acquisitions, with the group sealing its first deal in March this year, so expect further growth and a possible climb up the table from Aston Lark next year.

Meanwhile, the biggest riser in brokerage overall was Vantage Insurance, which almost trebled its figures to become the highest placed of five new entrants in this year's Top 50 rankings as it secured 41st spot on the list.

Aon back on the podium

There were no new entrants in the top five this year, although the order outside of the top two has changed.

Aon has climbed to once again claim the final spot on the podium, although its improved third place position is more to do with dips in brokerage at rivals Gallagher and Willis than any exceptional growth of its own.

Gallagher will be hoping to reclaim third spot from Aon next year as it once again looks to acquisitions to fuel its growth.

At the top of the pile, JLT has closed the gap on Marsh as it became the UK's second £1bn broker after Marsh broke the barrier last year. This was not enough, however, for JLT to reclaim the crown it lost last year, with Marsh's acquisition of Clark Thomson in April bringing in just enough additional brokerage to see off the threat from Dominic Burke and JLT.

And with acquisitions firmly set to continue with old players and new players alike, it is certainly building for an interesting year ahead, and we could very well see new businesses breaking into the top 10, if not the top five.

Stars in their

These ten brokers have produced outstanding performances over the past year, which should translate into enhanced shareholder value – the acid test of any investment.

OLLY LAUGHTON-SCOTT

HONOUR ROLL OF THE PAST SEVEN YEARS

	First	Second	Third
2017	Simply Business	CFC Underwriting	Marsh
2016	Hastings	Simply Business	Crispin Speers
2015	RK Harrison	BGL Group	Stackhouse Poland
2014	Hyperion	RK Harrison	Arthur J Gallagher
2013	Hastings	Hyperion	Stackhouse Poland
2012	Miller	A-Plan	Aston Scott
2011	JLT	Brightside	Oamps UK

#1

Granite

Brokerage
£53.2m

EBITDA
£25.4m

There are no bad risks, only bad prices. With a lot of private equity deciding motor is not to their taste, focusing on taxis and minicabs has seen brokerage grow by more than 60% and EBITDA almost doubling to £25m. This has resulted in Granite's excellent 48% margin. In our Top 10 this year they are our worthy winner, proving the northern adage: "Where there's muck there's brass."

EBITDA growth:
94.4%

#2

First Central

Brokerage
£52.7m

EBITDA
£8.4m

Focused on higher priced motor risks and by being nimble and smart it has achieved more than 50% growth in EBITDA. No flash in the pan either, this year's growth follows a credible performance in 2017. The top line has grown substantially with the inclusion of gross revenues from premium finance and add-on products. Net retained income growth was more modest at 13%.

EBITDA growth:
53.2%

#3

Berry Palmer Lyle

Brokerage
£42.1m

EBITDA
£16.5m

Brokerage is up 27% with margin an industry-beating 39%. Shareholder value is a product of achieving great results year after year. Over a four-year period, the business has seen EBITDA increase 75% to £16.5m purely through organic growth. Our focus on annual performance has meant it has never featured on the rostrum; but their longer-term success is recognised this year.

EBITDA growth:
24.9%

REST OF THE BEST

We have not sought to rank the seven firms

JLT

Brokerage
£1.058bn

EBITDA
£187.1m

The bigger you are, the harder it is to shine in any one year. Of the big boys, JLT has had a good year with its Risk & Insurance EBITDA growth of nearly 50%. Having achieved this, JLT's segment only realises a margin of 18%, somewhat below that of the up and coming players in the Top 50, but in line with their peers.

EBITDA growth:
47.9%

Hyperion

Brokerage
£541.7m

EBITDA
£141.0m

It used to be a star (see Honour Roll above), but growing often involves pain. This year, a relatively quiet one in terms of M&A, has seen EBITDA growth of some 36%, and so is back in the Top 10. What is impressive about this business is the transformation into an international player with 78% of its income now from overseas customers.

EBITDA growth:
36.6%

eyes

● IMAS reviews the Top 50 Brokers to look for the best performers over the last 12 months

NOTES FROM IMAS

CRITERIA
IMAS has kept the key criteria as consistent as possible with previous years but needs to recognise the new entrants.

Growth
This is clearly a key factor. It is, however, not purely a drag race but one in which 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 it is not impossible to imagine, 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.

outside the top three, but have highlighted what has been outstanding, from the largest to smallest by turnover

Integro

Brokerage
£158.6m

EBITDA
£52.6

With the acquisition of Tysers, it has crashed through the £100m brokerage barrier. Much of the real shareholder value accretion has gone to the Tysers' shareholders and one might joke that as one of Lloyd's oldest brokers, it has taken its time in delivering this. The partial MBO some 10 years ago helped to drive the value creation and Integro will benefit from the experienced team.

EBITDA growth:

71.2%

Broker Network

Brokerage
£52.3m

EBITDA
n/a

As one of the smaller consolidators it has been easier to shoot up the rankings (from 49 last year) with turnover up by more than 100%. It has been successful in getting its 'hub' acquisitions to source further smaller acquisition 'spokes', the often-spoken of model working well in action. Unfortunately there is no EBITDA information available.

EBITDA growth:

n/a

Crispin Speers

Brokerage
£31.4m

EBITDA
£8.1m

A combination of significantly increased brokerage (22%) and, at the same time, building margin has seen EBITDA growth of 44%, an excellent result. Much of this has been in travel, often considered an unfashionable part of the market, but with results like this who cares about fashion. A steady riser in the Top 50 for the last three years.

EBITDA growth:

44.4%

Vantage

Brokerage
£29.4m

EBITDA
£5.4m

Vantage is the highest ranked newcomer. Much of its growth has come from acquisitions, the largest being Fresh, a niche personal lines business. Fresh has been an outstanding performer, founded by a team of five and employing 250 people 16 years later, with excellent margins. If Fresh continues at anywhere near its track record, NSM Vantage will really forge forwards.

EBITDA growth:

305.3%

Right Choice

Brokerage
£22.3m

EBITDA
£8.9m

Another stunning performer is Right Choice. Personal lines businesses who get their new processes right can grow dramatically: with renewal rates being significantly lower and the aggregators encouraging searches each year there are lots of business opportunities. EBITDA grew by 39% and the reward came by way of an investment by Lloyds Development Capital in June of this year.

EBITDA growth:

10.4%


Here today and here tomorrow
Always here for you
In tough times, ARAG has shown the strength to protect our legal expenses and assistance partners and the intelligence to create what their clients need.
ARAG
Call us on 0117 307 2278
Twitter.com/arag_uk
UNDERWRITING SERVICE AWARDS 2017 WINNER
www.arag.co.uk

PE continues to transform sector

IMAS partner James Simpson analyses the impact of private equity funding on this year's Top 50 Brokers

JAMES SIMPSON

This year has continued the trend set in 2017, with a substantial number of transactions across the board primarily financed by private equity investors. The make up of the Top 50 has changed, with several longer-standing companies acquired or groups merged so that there are six new entrants, one fewer than last year. The merger of the Highbridge/ Madison Dearbon companies under the Ardonagh Group has taken three companies out of the Top 50. Other transactions have taken out Tyser & Co, Endsleigh and Henderson Insurance.

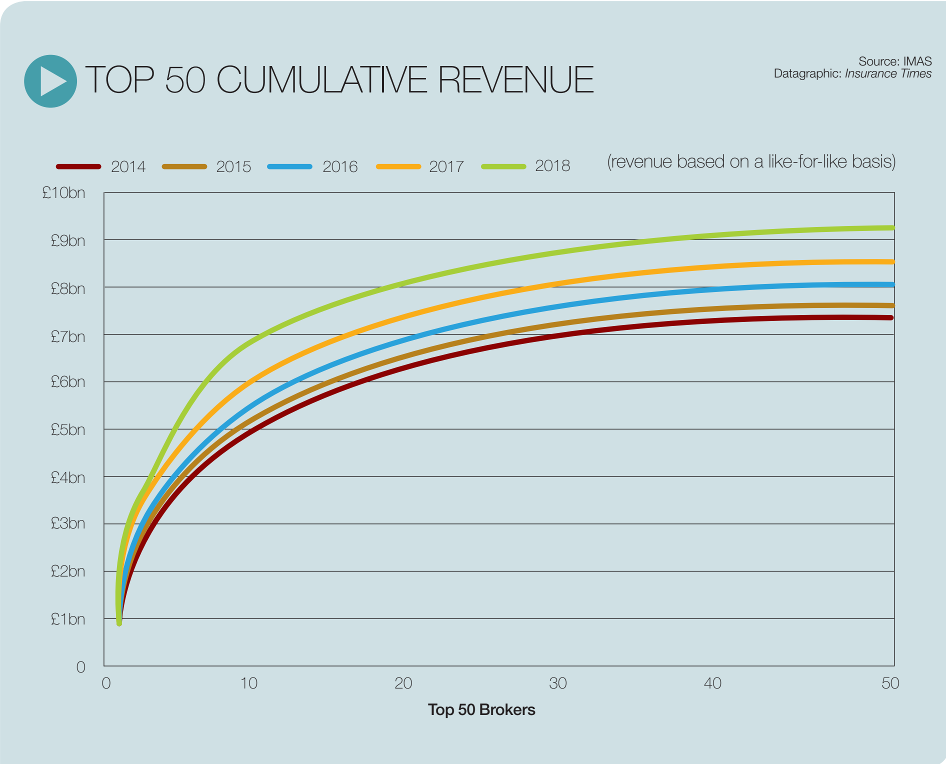
But all of this activity has left the ownership of the Top 50 identical to last year, with 18 PE backed companies and 16 privately owned ones; however overseas ownership still dominates the revenue with 46%, down on last year's 49%, but well ahead of PE with 21.5% (2017 18.6%).

Top 50 Growth

Overall, the Top 50 revenues have grown by just under 9%, up on last year's 6%, and are approaching £10bn, 75% ahead of where the Top 50 was 10 years ago. This growth is by far and away the biggest for the last 10 years.

The Top 5 grew by 3.5% this year, down on last year's acquisition-driven high of 12.9%, and it was the next five brokers, ranked 6-10, that achieved the largest growth of any grouping with an additional £450m of income, although much of this was as a result of the consolidation of the Ardonagh Group. Excluding this element, growth was 14.6%, primarily driven by Hyperion and Hastings.

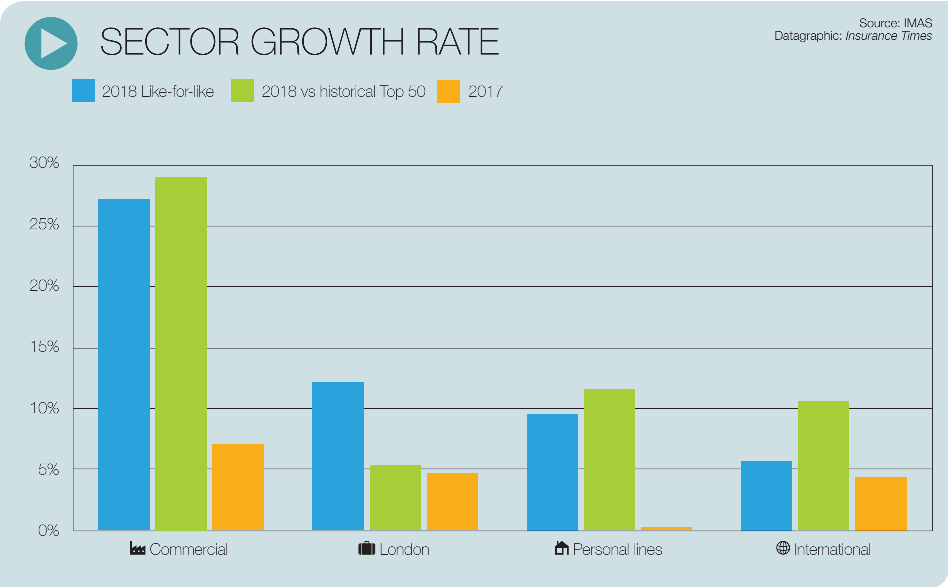
Growth in the 11–15 group is well ahead of last year and the five-year average, with A-Plan's acquisition of Endsleigh and Integro's



acquisition of Tyser & Co boosting the numbers materially and making up for lower numbers from the personal lines brokers in this segment.

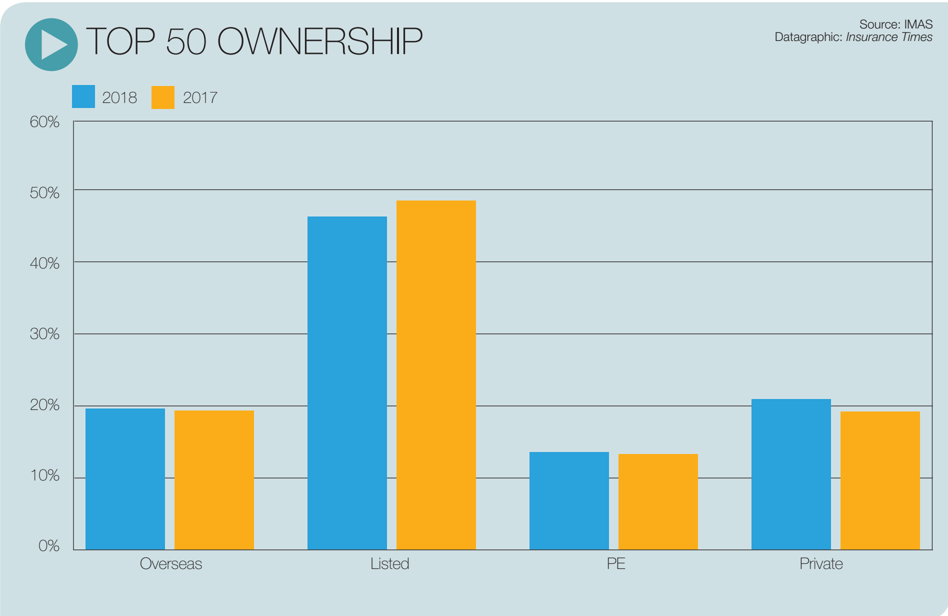
Having seen a material decline last year, brokers ranked 16-20 featured strongly, led by GRP and PIB after their very active year of acquisitions, and their combined growth of 25.3% is the highest for any ranking group.

The five-year compound growth rates for the Top 50 rankings continue to show that it is the Top 10 that lead the way with more than 6% compound growth while all other rankings lag behind. Much of the reason for this is that the companies who have grown well in the lower rankings have tended to be acquired and the whole group move up the table. This tends to produce a year where aggregate revenues decline for a ranking, much as we saw last year for the third and fourth ranking bands.



Ownership

With all of the M&A activity and 13 new entrants to the Top 50 over the last two years it might have been expected for the ownership structure of the Top 50 to have changed. That happened last year but the structure has remained consistent from a numerical point of view with PE owning 36% (2017 28%) of the companies, privately owned 32% (2017 34%) and overseas 24% (2017 30%). It is only the revenue percentages that have moved this year, with PE now representing 21.5% of the Top 50, up 2.9 percentage points from 2017, but still well behind the international brokers at 46% of the total.



Sectors

We have moved Hyperion into the international sector after a review of its income and breadth of sources.

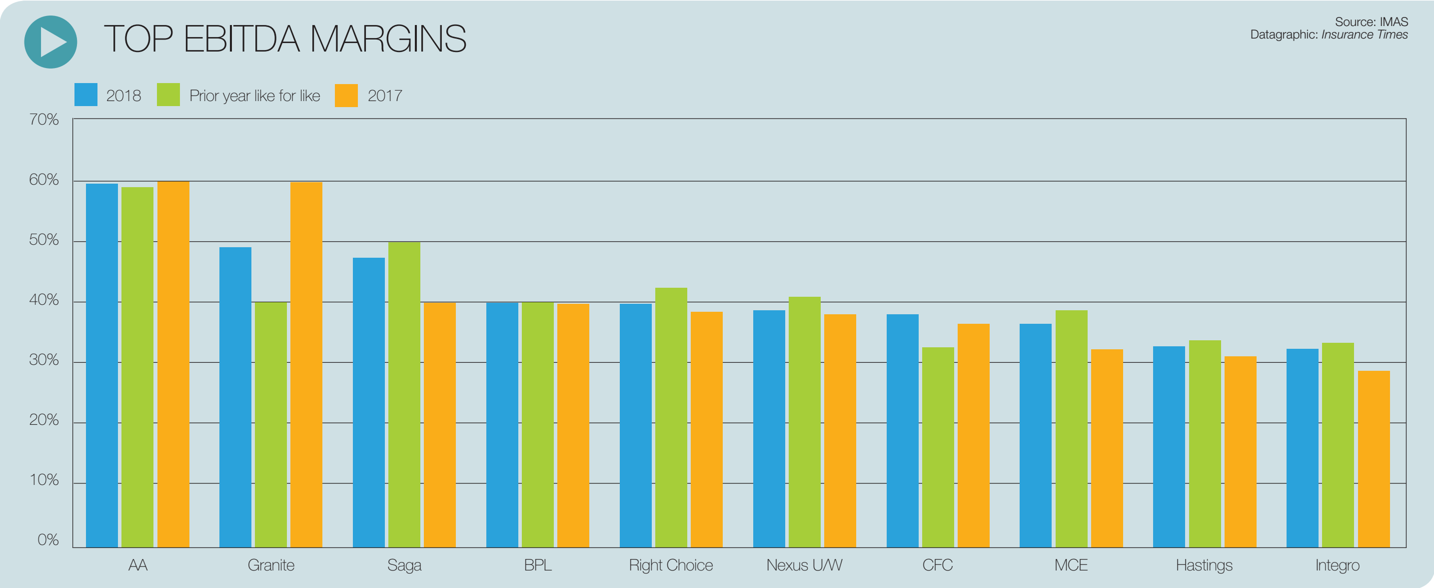
The strongest growth has been in the commercial sector with 28%, reflecting the extensive PE backing within the sector and the pursuit of an acquisition strategy by many. As noted above, PE-backed companies grew by 26% and this excludes Integro, which is classified as overseas despite being PE-backed in the US. The 10% change in the year-end sterling/dollar rate, from $1.2258 to $1.3514 to the £1, has reversed some of last year's growth. This appears to have impacted on the London market brokers, who only increased revenue by 4.2% over last year and 11.2% on a like for like basis after adjusting for Hyperion.

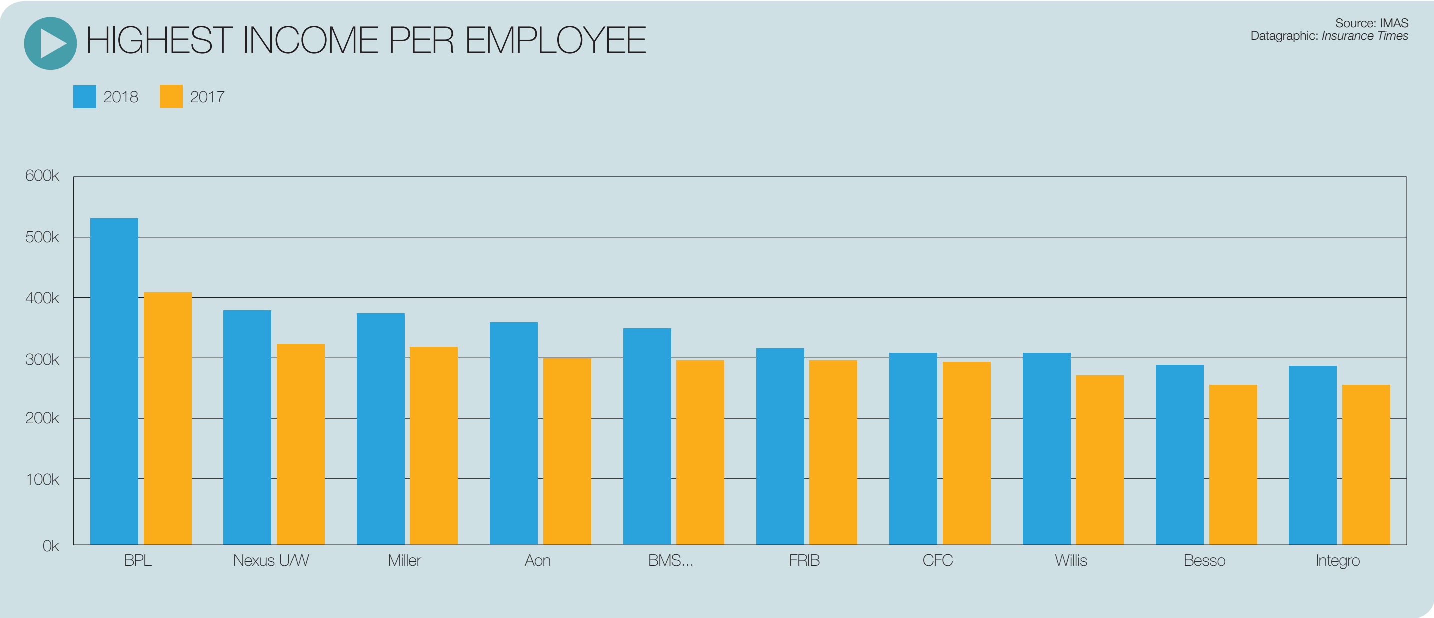
Individual performances

Eight out of the Top 10 fastest growing companies have all been on the acquisition trail, the other two – Granite and BPL – have achieved their growth through organic means albeit in significantly different markets. Of the next five who achieved commendable growth of between 22% and 26%, four also achieved this through organic means: CFC, MCE, RFIB and Crispin Speers.

> **Granite has grown its revenue by 64% organically in the personal lines market, a noteable achievement in this highly competitive sector**

Top of the table is Vantage, utilising the resources of its US owner and acquiring Fresh Insurance in 2018. At number two is Broker Network which, following its ownership separation from Ardonagh, has been particularly active in 2017 and 2018 with seven acquisitions since December 2017, both directly in hubs, and those hubs acquiring smaller businesses themselves. Bollington comes in at number three, following its acquisition of/merger with F Wilson.





Then come PIB, Integro and A-Plan, all of whose primary growth has been through acquisition, with Integro and A-Plan both acquiring other Top 50 companies. At seven is Granite, which has grown its revenue by 64% organically in the personal lines market, a noteworthy achievement in this highly competitive sector.

EBITDA and margins

As the primary driver of value measurement, EBITDA should be an important ranking indicator. We don't have EBITDA for all the Top 50, which means that some potentially more interesting companies can't be analysed, but the table provides sufficient insight. We hope that next year we will be able to look back at filed consolidated accounts of these other companies and conduct some retrospective analysis.

The top three companies by margin are all personal lines brokers, including Granite with its strong growth in the last year, and three others also make the Top 10.

As a sector, personal lines continues to have the highest margin, with 28.4% for those companies where we have the information. Perennial top performer BPL Global is at number four and has been in the Top 10 ever since it entered the Top 50 nine years ago.

Employees

Employees continue to be an important factor in all general insurance businesses despite the increase in online services and automation. The data is, however, not complete as some companies do not disclose the relevant employee numbers and so only 75% of the revenue is covered by this indicator.

The table is dominated as usual by the London market companies, but this year it is also notable that every Top 10 company has a higher income per employee than last year. Not only that, but two of the companies, Aon and Willis, are top five ranked.

Maintaining their leading position is BPL with a remarkable £533,000 per employee, an increase of 30% over last year and a great performance. London market brokers achieved an average of £157.7,000 per employee in 2018. With revenue per employee of between

The tried and trusted name in insurance valuations.

Independent & Professional Valuations of Plant, Equipment & Buildings for Insurance Purposes.

Rushton International is an independent and impartial RICS firm of valuers, based in the heart of London's insurance sector. We specialise in the valuation of assets for insurance purposes and have the experience, qualifications and expertise to value any asset, anywhere in the world.

For further details on our worldwide experience and valuation capabilities please contact us.

RUSHTON INTERNATIONAL

Traditional values, modern valuations.

London:
International House
1 St Katharine's Way
London, E1W 1YL
T: +44 (0) 20 7702 3723
www.rushton.co.uk

Manchester:
Sinclair House, 11 Station Road
Cheadle Hulme
Cheshire, SK8 5AF
T: +44 (0) 161 486 6611
E: **enquiry@rushton.co.uk**

London | Manchester | Abu Dhabi | New York | Chicago

£280,000 and £190,000, the remaining companies have all achieved well above average results.

Analysing the numbers by sector it is the International brokers that achieved the highest income per employee, with £188,600, closely followed by London market brokers. Trailing the pack are commercial brokers with only £87,600 per employee, but this is a 9% improvement over last year.

Debt

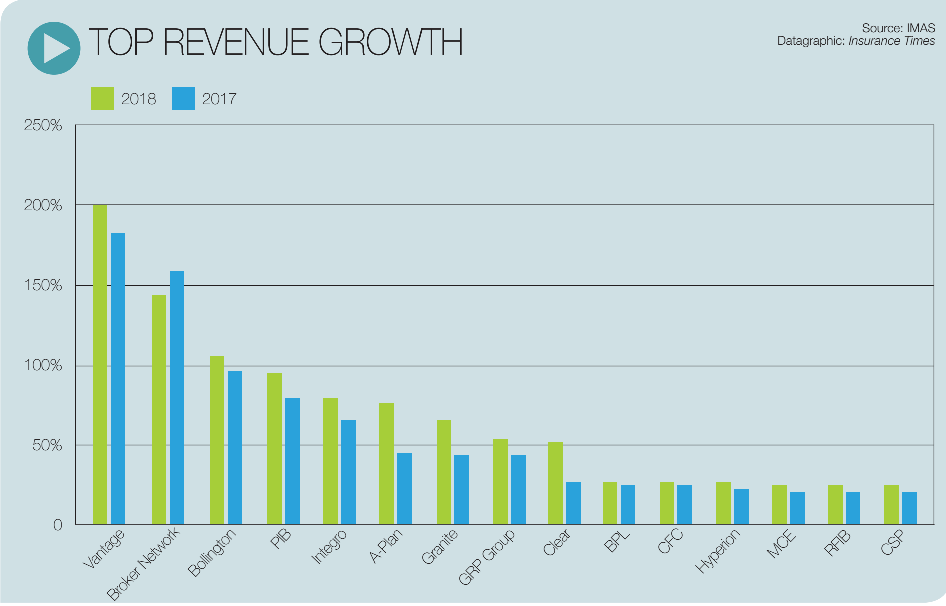
With all of the M&A activity over the last two years and the ownership structure of the Top 50, we thought it was time to look at the financing profile of the companies, and the indicator selected is debt to EBITDA.

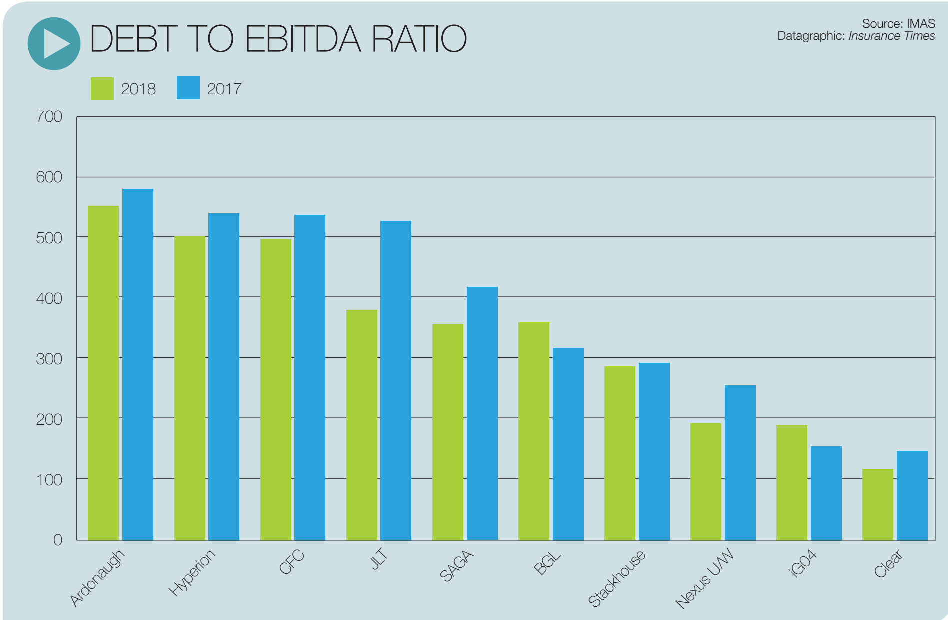
This analysis is, however, hampered by the fact that we don't have figures for all of the companies, either EBITDA or debt. There are ten companies without current or available information on debt or EBITDA, so it still represents a relevant sample and we will extend the analysis next year.

The most immediate observation is that the ratio of debt to EBITDA has decreased year-on-year and this is true for both the individual companies as well as the prior year Top 10 comparatives.

The table is also noteworthy in that it almost exactly follows the ranking of absolute amounts of debt held by each company, the exception being CFC where the ratio is high due to its recent management buy-out and the level of debt is more comparable to the companies in the second half of the table.

The companies at the top of the table have absolute amounts of debt in excess of £450m each with debt multiples of around five. This multiple falls fairly quickly as we go down the table and the ownership structure of the companies would appear to be one of the relevant factors in how highly geared a company is.





Conclusion and outlook

The Top 50 continues to evolve through M&A and the general expectation would be for this to lead to a concentration of the market, but the top five brokers' share of the 2018 Top 50 revenue has declined to 46.8% from 49.1% last year.

It is with the next five brokers, however, that we see the concentration, having increased their share of revenue to 25.1% up from 22.2% last year on the back of a 23.7% income growth. Personal lines brokers have by and large grown through organic means, although some of the larger ones have found this harder than the more modestly sized brokers who have been able to exploit niches and apply newer technology much quicker.

'Personal lines brokers have by and large grown through organic means, although some of the larger ones have found this harder'

An upwards angle on the cumulative revenue graph denotes concentration and this extends from ranking five through to 23.

Encouragingly for value generation, EBITDA margins continue to increase, rising to an overall 23.7% for the companies where the information has been provided, up from 19.6% based on last year's table. The most noticeable improvement has been in the commercial sector – which could be an influence of the PE ownership of many of these companies.

With the number of PE-owned entities in the Top 50 we must expect to see further M&A activity over the coming year, including the refinancing of several of these companies, which may also lead to further M&A activity between them.

M&A set to reshape the broking landscape as big guns hit the acquisition trail

● GRP is leading the way on number of deals, while Ardonagh dominates on cash value

MATT SCOTT

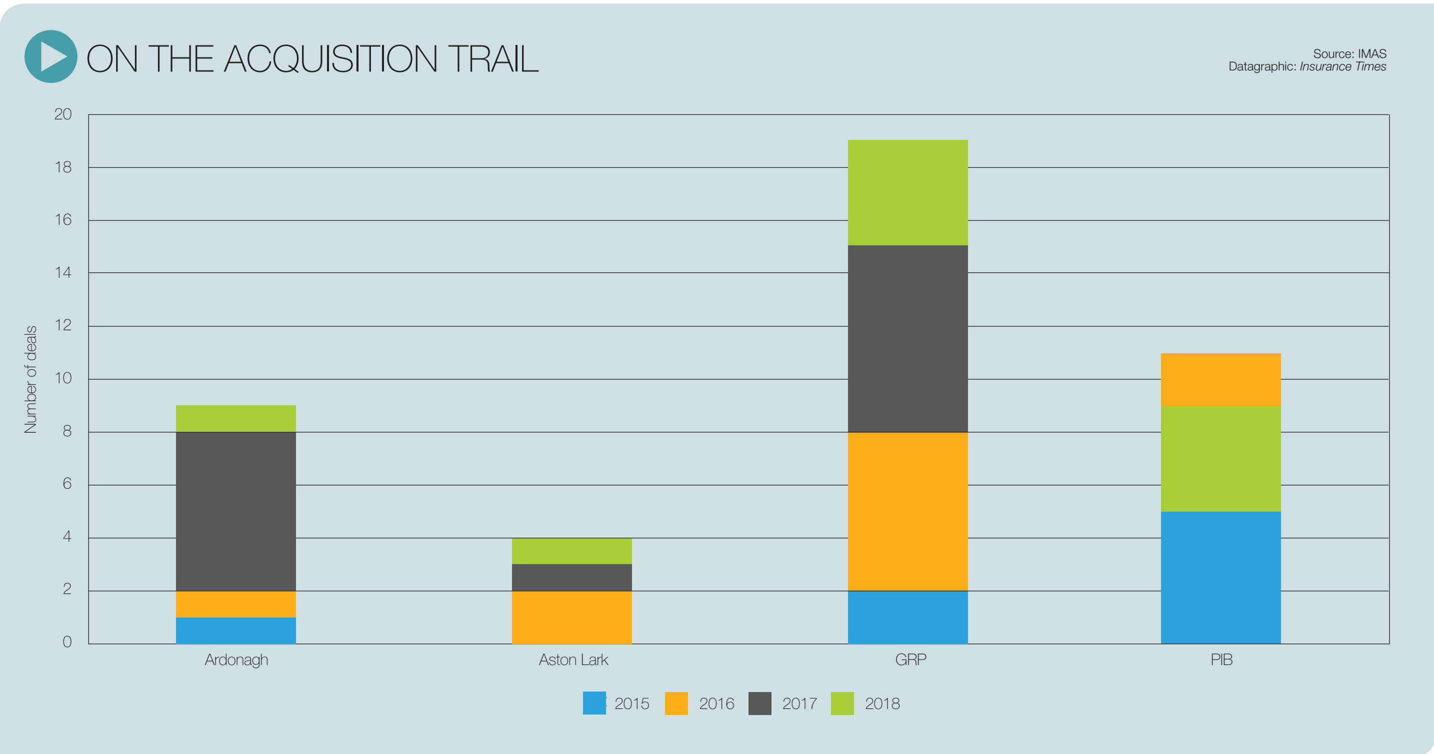
The consolidators have returned to the acquisitions trail in earnest over the last year with a whole raft of deals making the headlines as acquisitive growth seems to be firmly on the agenda of the biggest deal makers in UK broking.

Peter Cullum's GRP has been the busiest broker in the M&A market, with the broking group completing no fewer than 19 broker acquisitions since the beginning of 2015, according to analysis of news articles featuring on the *Insurance Times* website.

One of the biggest deals completed by GRP was the purchase of The County Group in 2018, which brought in an additional £72m of brokerage for the business. The Crewe-based broker became GRP's latest regional hub, helping the Cullum-backed business build up a national network of brokers, with a focus on SME and personal lines insurance.

While GRP may have completed the highest number of deals, it was Towergate and the newly-formed Ardonagh Group that stole the show when it came to brokerage amounts changing ownership.

The deals for Chase Templeton



Chase Templeton and Autonet brought in a combined £280m in brokerage for Ardonagh, helping the group break the £500,000 barrier

and Autonet brought in a combined £280m in brokerage for Ardonagh, and went a long way in helping the group grow business by more than 11% and break the half a billion pound barrier in the process.

Casting its net

With chief executive David Ross aiming to double the size of the business over the next few years, the group is set to cast its net far and wide as it looks for new deals to bolster its ranks.

"We have an international executive team running a UK business," Ross said. "We have no choice but to explore opportunities outside the UK. We're a £550m company. If we want to be twice as big as that in two to three years' time, it will have to have a chunk of international exposure to it."

Marsh is one broker that knows all too well the benefits of acquisitive growth, with its capture of Scottish Broker Clark Thomson in April, its first acquisition since its £295m purchase of Bluefin 18 months ago. Clark Thomson brought in the additional £11.2m in brokerage that helped secure Marsh's position at the top of the 2018 Top 50 Brokers league table.

And Arthur J Gallagher International has also firmly stated its intention to tie up a number of fresh deals, after making its first acquisition in four years with the purchase of Chester-based Risk Services in May 2018.

Speaking to *Insurance Times* after announcing the deal, Gallagher's chief executive of UK retail Michael Rea said the purchase would be the first of many for the broker.

"[This deal is] certainly the first of a number of acquisitions we plan to make in 2018 and beyond," he said. "It is the Gallagher model to find like-minded businesses looking for the next stage of their development. I wouldn't describe it as a new strategy; it's very much the existing strategy, we just had it on pause because we had a couple of very big businesses to digest in 2016 and 2017.

"I would expect us to buy a number of businesses through the remainder of 2018 into 2019 and they will all look pretty similar – they will be community brokers, commercially led, and businesses that are a good fit with the ethos of our organisation."

So, for now, the big guns look set to continue to splash the cash and tie up the brokers they see as the right fit for driving their business forward. And this could all lead to a very different looking makeup of the Top 50 Brokers when we conduct our analysis for next year's edition.

WHO ARE THE BUSIEST CONSOLIDATORS?

Source: IMAS
Datagraphic: *Insurance Times*

Consolidator	Company Bought	Year
Ardonagh	Professional Fee Protection	2018
	Carole Nash	2017
	Mastercover	2017
	Healthy Pets	2017
	Feast Noble & Co	2017
	Chase Templeton	2017
	Direct Group	2017
	Autonet	2016
	Price Forbes*	2015
Aston Lark	Ingram Hawkins and Nock	2018
	Bell & Co	2017
	First Commercial Insurance Brokers	2016
	Euromarine	2016
GRP	Thomas Sagar Insurances	2018
	Camberford Law	2018
	County & Commercial Insurance Brokers*	2018
	The County Group	2018
	Anglo-Hibernian	2017
	Eclipse	2017
	Commercial and General Insurance Services	2017
	Alan & Thomas	2017
	ECS Insurance Brokers	2017
	Colin Fear Insurance Services	2017
	Higos	2017
	McBrady	2016
	Marshall Wooldridge	2016
	SLK General Insurance Services	2016
	BB Insure	2016
	Cavendish Munro	2016
	Lonmar Global Risks	2016
	Abbey Bond Lovis	2015
	MB Mulcahy Associates	2015
PIB	Wheatley Wright	2018
	Albany Childcare	2018
	aQmen Holdings	2017
	Morten Michel	2017
	D E Ford	2017
	TFP	2017
	Carmichael & Partners	2016
	QPI Legal	2016
	Channel Insurance Brokers	2016
	Cooke & Mason	2016
	Fish Insurance	2016

WINNS

National Accident Specialists

"They help our clients in a professional and courteous manner and see that all details are handled from start to finish."

Jason Robery - Keith Michaels Insurance

Complete your customer experience with our award winning accident management services

- Fast, efficient and attentive customer service
- Dedicated team of legal experts
- Online dashboard allows clients to manage their claim 24/7/365
- Complete accident management service

Make the right call...

0345 058 8787

#1
Marsh

2017: **1**
UK chief executive: **Chris Lay**

Brokerage: £1.06bn

Management

Marsh maintained its position at the top of the pile in the *IMAS/Insurance Times Top 50 Brokers* after topping the list last year as the UK's first £1bn broker by brokerage income. Mark Weil has been replaced as UK chief executive by the broking giant's Canada chief executive, Chris Lay, who returns to the UK. Weil is leaving the insurance industry altogether to join the private equity sector.

Meanwhile, Marsh has named Roy White as chairman of UK specialties, with Paul Moody taking on White's former role of chief executive of its UK specialties division.

Marsh chief executive and president John Doyle confirmed in April that the broker would cut management jobs to make it "more agile" and "focused". Speaking to analysts following the broker's first quarter results, Doyle said: "We have begun an effort to simplify our organisational structure. The result of that will be fewer layers of management and our leaders on average will increase their spans of control."

Strategy

Marsh has continued its push into commercial insurance after its purchases of Jelf in 2015 and Bluefin in 2016, with a focus on UK mid-market companies and the launch of a new suite of products targeted at the sector.

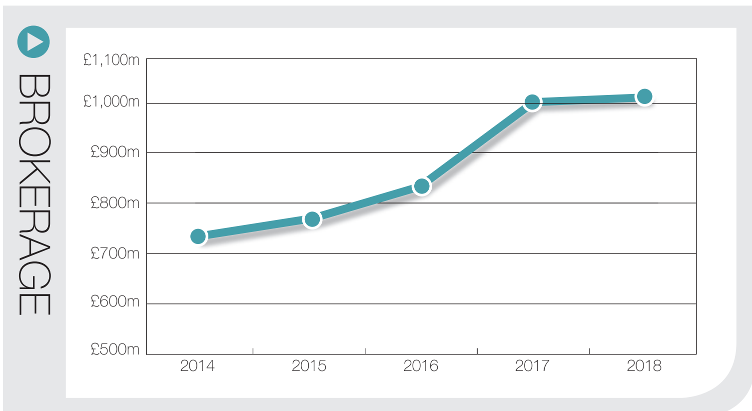
The broker also returned to the acquisition trail in 2018 with Jelf's purchase of independent Scottish Broker Clark Thomson in April, its first acquisition since the £295m purchase of Bluefin.

Jelf chief executive Phil Barton said the broker would continue to look at acquisitions where appropriate, but with a focus on organic growth outside of Scotland.

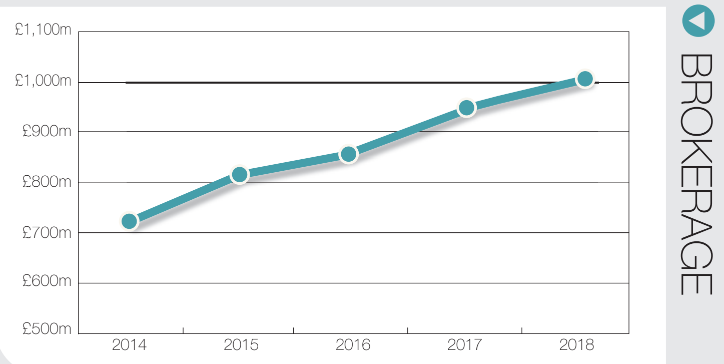
"If you look at our geography, there are areas where we are under-represented," he told *Insurance Times*. "So that is something we would like to satisfy, either through organic growth or acquisitions."

Marsh returned to the acquisitions trail in 2018

Chris Lay, Marsh



Dominic Burke, JLT



#2

JLT Group

2017: **2**

Chief executive: **Dominic Burke**

Brokerage: £1.058bn

Management

Group chief executive Dominic Burke kept JLT in the hunt for top spot of the *IMAS/Insurance Times Top 50 Brokers* after a year of significant organic growth that resulted in it becoming the UK's second broker to break the £1bn barrier, as measured by brokerage income, after Marsh achieved the same feat last year.

The broker grew by 10.7% over the year, reporting brokerage of £1,058.4m for the year ending December 2017. This was not enough, however, to regain first place after losing its crown to Marsh in the 2017 edition of the Top 50 Brokers rankings, although the gap is closing.

The group has announced a restructuring across its three divisions – specialty, reinsurance and employee benefits – with Burke saying: "Inevitably there will be a reduction in the workforce. It is across the globe and what the transformation really is seeking to do is create operational efficiency, with clear financial benefits".

JLT expects these cuts to save the group £40m a year until 2020, with an initial one-off cost of £45m. Meanwhile, Lucy Clarke has been appointed chief executive of worldwide insurance broking activities at JLT Specialty.

Strategy

The group has continued to prepare for life after Brexit, of which Burke was a rare supporter in the City, with investments in continental Europe including acquiring Belgibo, the Belgian specialty broker, in August 2017. As a result of these preparations, the broker says that the UK leaving the EU will have no material impact on its business.

JLT says it will continue to make targeted acquisitions to fuel its growth ambitions, building on the two purchases it has already made over the first four months of 2018: International Risk Consultants, a US trade credit and political risk broker; and Chartwell Healthcare Ltd, a specialised private medical insurance broker serving UK mid-market clients.

● JLT is the second broker to break the £1bn barrier

KEY: Sectors Personal London International Commercial **Ranking** up on 2015 no change down on 2017 New entry

Your time is valuable

So why spend it waiting?

When business moves fast, we can't afford to hang around. You want an insurer with the expertise and authority to make the decisions you need, exactly when you need them.

That's where QBE delivers. Because our teams of specialist underwriters are empowered to tailor cover to precise requirements, with as little fuss and red tape as possible.

QBE. Our business is knowing yours.

See the future of insurance at **qbeeurope.com/innovation**

QBE


ageas®
the crew behind you.
Chat to our dedicated specialist underwriters
Talk to us about SME digital trading
DreamSchemes
GOAL
Tell us about your Dream Scheme
Ask us about your personal lines needs
Get straightforward business advice
Fantastic customer claims service
FOLLOW US
in Ageas Broker
AgeasBroker
crewbehindyou
ageasbroker.co.uk

#3

Aon

2017: **5**
UK chief executive: **Julie Page**

Brokerage: £827.8m

Management

Aon has climbed two places to clinch the last spot on the Top 50 Brokers podium after growing its brokerage by 14.8% to £747.8m from £721.2m last year, pushing Arthur J Gallagher down into fourth spot.

Julie Page heads Aon's broking operations in the UK, with this year representing her first full 12 months in charge after taking over as chief executive of Aon Risk Solutions UK from Andrew Tunnicliffe in April 2017.

Page has strengthened her team, bringing in Richard Moxon from arch-rivals Marsh to be the broker's new head of UK claims. Moxon previously led Marsh's private clients business and was most recently managing director of the broker's education practice.

Nathan Shanaghy, meanwhile, has moved on as chief operations officer to take on the same role at Aon UK Ltd.

Strategy

Page has drawn praise from global chief executive Greg Case, who said the UK and EMEA had done "fantastically well". Case also praised Aon's UK acquisition strategy, including the purchase of Henderson Insurance Broking Group. That deal brought in additional revenue of £34.5m for the year to April 2017 and helped it climb back up the rankings after losing ground to rivals last year.

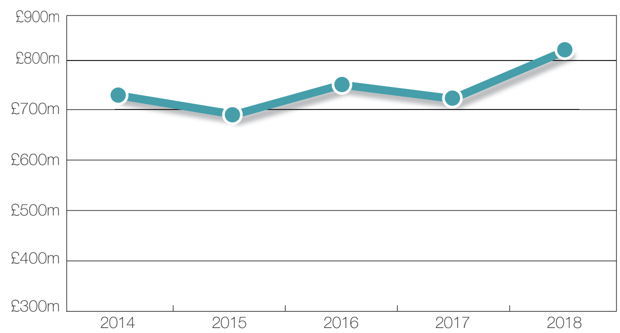
Acquisitions could continue at the broker, with Aon cash rich after selling its business processing platform to Blackstone for $4.8bn. Page, who has a wealth of acquisitions experience after overseeing nearly half a billion pounds of SME and mid-market acquisitions while working alongside Martin South and Mark Weil at Marsh, told *Insurance Times* that acquisitions would be looked at if they made sense "in the context of our strategy".

Aon last topped the *IMAS/Insurance Times Top 50 Brokers* in 2013, so a return to acquisitions while its main rivals are also digging into their coffers could help the broking giant regain lost ground and help it climb further up the listings again next year.

Aon is cash rich after selling Blackstone for $4.8bn

Julie Page, Aon

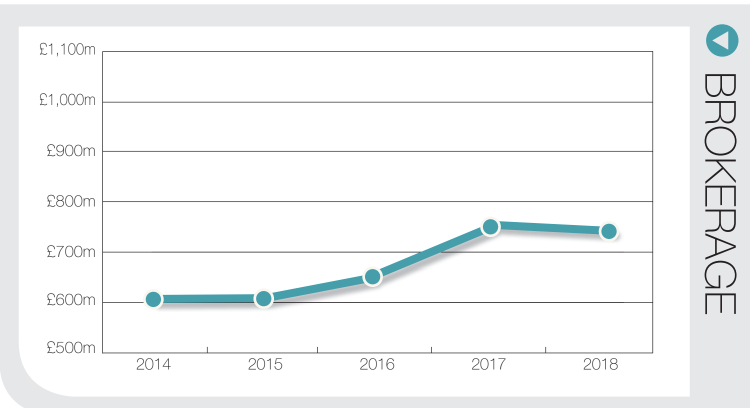
BROKERAGE



KEY: Sectors Personal London International Commercial Ranking up on 2015 no change down on 2017 New entry

imas
TOKIO MARINE HCC

Simon Matson, AJG



#4

Arthur J Gallagher International

2017: **3**

UK chief executive: **Simon Matson (incoming)**

Brokerage: £741.0m

Management

A slow down in pace of acquisitions at Arthur J Gallagher has seen brokerage fall by a little over 2% over the last year as the broker lost pace over its rivals and dropped one place to fourth behind a resurgent Aon.

Chief executive Grahame Chilton is to step down as chief executive later this year, with Simon Matson, who has spent 10 years at the business, stepping in as replacement once he leaves his current role as head of Gallagher's London market and Alesco businesses.

Following the handover, Chilton will retain his role as chairman of Capsicum Re, Gallagher's reinsurance partner, and will also take up a business development role at the company he founded in 2013.

Strategy

The purchase of Risk Services in May 2018 marked a return to the acquisition trail for Arthur J Gallagher in the UK, with Michael Rea, Gallagher's chief executive of UK retail, saying it would be the first deal of many.

He told *Insurance Times*: "What we are looking to do is buy regional community brokers that are commercially led where we have a good cultural fit, so it's certainly the first of a number of acquisitions we plan to make in 2018 and beyond."

The Risk Services deal marked the end of a four year hiatus from mergers and acquisitions as the broker looked to integrate existing purchases into the organisation.

Rea said that future acquisitions would be similar – community brokers with a focus on commercial business – as Arthur J Gallagher looks to cement its position and gain ground on rivals.

More acquisitions are sure to follow, with Rea telling *Insurance Times* that heads of terms had already been signed for some deals, adding: "There are 3,500 insurance brokers out there, so there are plenty more fish in the sea."

> 'There are plenty more fish in the sea'

Perceptive Underwriting

With five acquisitions completed in the last 12 months and organic growth of 11% in 2017, Nexus continues to deliver exceptional growth. We are now one of the largest MGAs globally representing more than 30 insurance carriers working out of 13 offices in eight countries (UK, Ireland, France, Germany, Italy, The Netherlands, Hong Kong and USA).

Our multi-class, multi-product offering includes:

- Trade Credit
- Professional Indemnity
- D&O/Financial Institutions
- A&H and Travel
- Surety
- Latent Defects
- Construction
- Marine

Our unmitigated focus on delivering exceptional value for our capacity partners, brokers and policyholders is key to our success, alongside attracting and integrating first class MGAs and individuals to share our exciting future.

Please visit our website **nexusunderwriting.com** for more information and details of current vacancies.

nexus

Nexus Group
52 - 56 Leadenhall Street
London EC3A 2EB
T: 020 3011 5700
nexusunderwriting.com

Insurance Times

Broker Service Survey 2018/19

YOUR FORUM TO DRIVE CHANGE IN UKGI

2018 SURVEYS NOW OPEN

BROKERS, WHAT DO YOU THINK OF THE SERVICE YOU RECEIVE FROM INSURERS? TAKE PART IN THE 2018 COMMERCIAL AND PERSONAL LINES SURVEYS NOW.

YOU COULD WIN £250 WORTH OF JOHN LEWIS VOUCHERS.

COMPLETE THE SURVEYS NOW AT
WWW.INSURANCETIMES.CO.UK/BSS18

#5

Willis

2017: **4**
UK chief executive: **Nicolas Aubert**

Brokerage: £668.2m

Management

A drop in brokerage of more than 7% led to Willis slipping down the pecking order to fifth in our Top 50 Brokers list for 2018, as it continued to miss out on its traditional top three ranking. This slip comes just a year after the broker appeared to have turned a corner in the UK with a 25% growth in brokerage that helped Willis climb to fourth place in the rankings for 2017.

These improvements have failed to materialise again this year, however, and that will disappoint Nicolas Aubert, who continues to oversee the company's broking operations in the UK and head up Willis Towers Watson's overall British operations, having taken the role after the merger of Willis and Towers Watson at the beginning of 2016.

Strategy

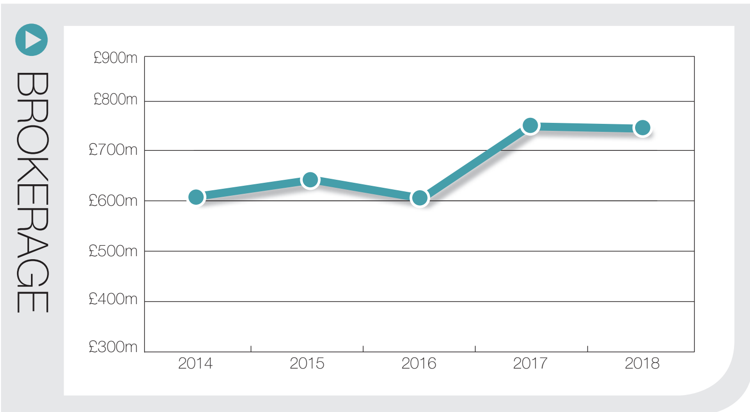
The broker has continued to struggle with the merger of the two companies, with Willis Towers Watson group chief executive John Haley admitting last year that bringing together the two very different businesses had been more difficult than expected.

Continued pressure on the broker's retail business has hindered growth in the UK, but this has been at least partially offset by slight growth in its energy and natural resources business. Cyber insurance has been highlighted as a key area of focus for Willis, with a number of new products entering the market to help bolster the broker's offering in this complex area.

The broker appointed Tim Rees as client engagement and strategy leader for the UK Cyber Risk Solutions business in February 2018, and he joins several ex-military and intelligence service personnel in the broker's cyber division as it looks to steal a march on the competition.

Willis looks to steal a march on the competition on cyber

Nicolas Aubert, Willis



KEY: Sectors Personal London International Commercial **Ranking** up on 2015 no change down on 2017 New entry

#6 BGL Group

2017: **6**

Chief executive: **Matthew Donaldson**

Brokerage: £626.3m

Management

Chief executive Matthew Donaldson oversaw a period of decent growth over the last year for BGL Group, with the Comparethemarket owner growing brokerage by almost 8% to £626.3m as it closes in on the big boys in the Top 5.

In January 2018 Anna McEntee, who has been with the business since 2008, was promoted to run BGL's frontline businesses, which include own insurance brands Budget Insurance and Dial Direct.

McEntee's appointment marks the conclusion of a period of consolidation of the senior leadership team in BGL's insurance distribution and outsourcing division over the last six months, which saw Mark Townsend appointed to the new role of chief operating officer of the division and Ali Crossley appointed as managing director of BGL's Junction partnerships business and BGL Customer Services.

Strategy

The big news for BGL, however, has been the withdrawal of plans for an initial public offering after securing £675m of private equity investment from a Canadian investment group.

Canada Pension Plan Investment Board bought a 30% stake in the insurance group in November 2017, which Donaldson called "a clear vote of confidence in our performance and potential".

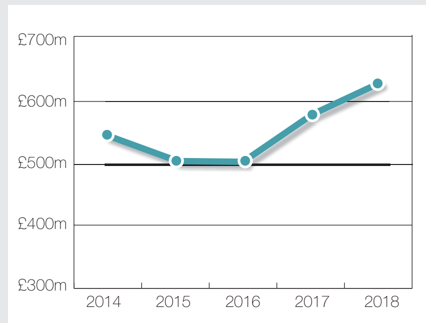
The deal came just two months after Donaldson said a float on the stock exchange was likely in 2018, with the group reporting a 19% increase in profit before tax to £126m for the year to June 2017, after boosting underlying revenue by 14% to £585m.

BGL launched the BGL Academy in March 2018, which will include a new apprenticeship scheme to open the doors for more than 200 roles across its UK network.

The BGL Academy will incorporate BGL's graduate scheme and a programme aimed at school leavers.

Matthew Donaldson, BGL Group

BROKERAGE (£M)



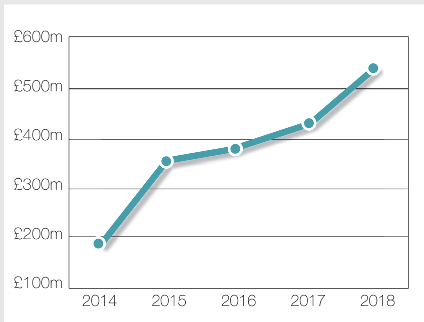
#7 Hyperion

2017: **7**

Chief executive: **David Howden**

Brokerage: £541.7m

BROKERAGE (£M)



David Howden, Hyperion

Management

Hyperion strengthened its hold on seventh position in the 2018 edition of the Top 50 Brokers table after growing brokerage by a mammoth 25% to £541.7m, achieving its aim of becoming a half billion pound broker in the process.

Chief executive David Howden remains at the helm of the group he founded in 1994 as a wholesale broker employing just three people.

The group now employs 3,800 members of staff across 38 countries and is an international insurance group offering wholesale, retail and reinsurance broking, as well as underwriting services.

Hyperion's underwriting business DUAL was strengthened by the appointments of David Ibeson as chairman and Richard Clapham as group chief executive as the business positions itself for growth in the UK and internationally.

Strategy

Canadian institutional investor Caisse de dépôt et placement du Québec joined fellow investor General Atlantic as a financial backer of Hyperion in December 2017, bringing in £300m of additional funding in the form of fresh equity and by buying back shares, as well as through a refinancing programme that will provide additional primary debt and extend the maturity of existing debt provisions.

This opens up the door for fresh acquisitions at Hyperion, with Howden telling *Insurance Times* in December 2017 that a 'significant' acquisition was in the pipeline.

KEY: **Sectors** Personal London International Commercial New entry **Ranking** up on 2017 no change down on 2017

ALLIANZ SME POWERED UP+

At Allianz, we're committed to giving you the power to support your SME customers to help them prosper commercially.

We offer:

- over 100 years' insurance experience and expert market knowledge
- full-cycle digital trading, with support from over 200 expert SME underwriters
- Average free products* aligned to the evolving needs of SMEs
- free legal assistance and risk management guidance
- a fast, fair and flexible claims service to help get your clients back in business as quickly as possible.

Visit us online at **allianzquotesme.co.uk** where you can also download our industry report, 'Supporting SMEs to Prosper', which reveals the top concerns and challenges facing UK SMEs today.

*See online for details of our Average free products.

ACOM8053 08.18

allianz.co.uk Allianz Insurance plc. Registered in England number 84638. Registered office: 57 Ladymead, Guildford, Surrey, GU1 1DB, United Kingdom. Allianz Insurance plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register number 121849.

Allianz

#8

Ardonagh

2017: **8**
Chief executive: **David Ross**

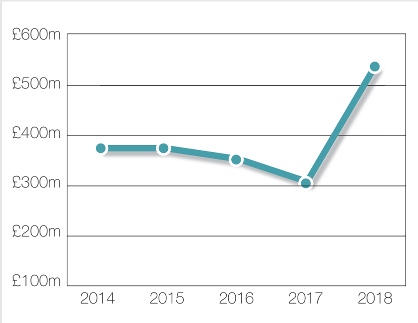
Brokerage: £535.7m

Management

The creation of The Ardonagh Group last May, uniting Towergate, Autonet, Chase Templeton, Price Forbes and Ryan Direct Group under one holding company, has seen Ardonagh break through the half billion pound barrier for the first time as brokerage climbed to £535.7m.

This big step up in business was not enough, however, to help Ardonagh climb up the rankings in our Top 50 Brokers list, but chief executive David Ross will have brokers higher up the list in his sights as he looks to continue the growth of the new group. Ross has been joined at Ardonagh by Diane Cougill as new chief financial officer, and Sarah Dalgarno, chief risk officer.

BROKERAGE (£M)



Strategy

Acquisitions remain a key part of the broker's strategy, with the group having made several acquisitions this year alone.

In June, it was revealed that Ardonagh had raised £98.3m in fresh debt to be used for bolt-on acquisitions. Ross said the debt deal was an "endorsement of both our strategy and pace of execution".

Speaking after announcing Ardonagh's results for 2017, David Ross said the broker had plans to double in size over the next two to three years, which could see Ardonagh close in on the top three brokers on our Top 50, with overseas acquisitions one area the group is looking at for expansion opportunities.


David Ross, Ardonagh

#9

Hastings

2017: **9**
Chief executive: **Toby van der Meer**

Brokerage: £335.3m

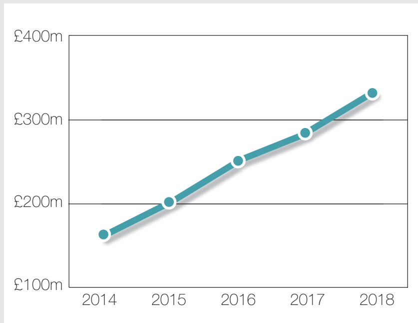
Management

Hastings' senior management team underwent a full revamp this year, after the retirement of non-executive chairman Mike Fairey in May.

Fairey was replaced as chairman by Gary Hoffman, who had been chief executive of the group since November 2012, with Toby van der Meer coming in as chief executive. Van der Meer had previously worked as managing director of Hastings Insurance Services, after joining the group as managing direct of Hastings' retail business in 2011.


Toby van der Meer, Hastings

BROKERAGE (£M)



Strategy

The group reported that live policy numbers had increased by 13% to 2.64 million at the end of 2017, while its UK motor market share rose to 7.3% from 6.5% a year earlier.

This has helped Hastings grow its brokerage by more than 16% to £335.3m, cementing its position in the top 10 of the Top 50 Brokers ranking, as it holds on to ninth place, although it still remains some way off Ardonagh in eighth.

The broking group would have been even bigger if merger talks with AA Insurance hadn't failed, with both companies revealing in September that "preliminary" talks about a merger had taken place, although the putative £468.3m combined brokerage of the two companies still would not have been enough to overtake Ardonagh.

Hastings said at the time that its "core strategy remains to deliver on its organic growth and its disclosed targets".

KEY: Sectors Personal London International Commercial New entry **Ranking** up on 2017 no change down on 2017

#10 Lockton

2017: **10**
Chief executive: **Neil Nimmo**

Brokerage: £300.6m

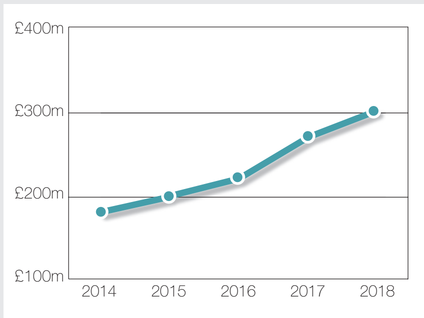
Management

The past year has seen stability return to Lockton's top management team after significant changes on both side of the Atlantic over the previous 12 months.

Neil Nimmo remains as chief executive, a position he took on in 2016 following the retirement of Mike Hammond, while in Lockton's Kansas headquarters group chief executive Ron Lockton, son of the firm's late founder Jack, continues to fill the role he took on in line with the company's succession plan after the departure of Glenn Spencer for "personal reasons".

Said Taiym joined the group as executive vice-president/chief digital officer in April.

BROKERAGE (£M)




Neil Nimmo, Lockton

Strategy

Lockton cemented its position in the Top 10 of our Top 50 Brokers ranking for 2018, growing its brokerage by 11%, after breaking in to the top 10 for the first time last year. Although growth has slowed at the broker, from the 22% increase in brokerage it registered in the 2017 edition of our Top 50 Brokers report, the company has continued to recruit, with Gail Cook joining from Zurich Insurance, where she worked as head of financial lines, the broker's most notable hire. Lockton has also continued to expand its Northern Irish operations with the appointment of four new managers in its Belfast office.

#11 Saga

2017: **12**
Chief executive: **Gary Duggan**

Brokerage: £282.6m

Management

The main change over the past year at the Folkestone-based company, which remains better known for cruises than insurance, has been the replacement of long-standing chief executive Roger Ramsden as part of a wider overhaul of the company's top team.

Saga announced in September last year that Gary Duggan, who had been managing director of BGL's general insurance partnerships business, had been appointed to take over. Duggan, whose career has included spells at GE and Barclays, has taken charge of the group's financial services unit Saga Money as well as its retail broking business.

The company also announced in March that former Zurich UK general insurance chief executive Patrick O'Sullivan is taking over as chairman from Andrew Goodsell, who has stepped down after 26 years with the company.


Gary Duggan, Saga

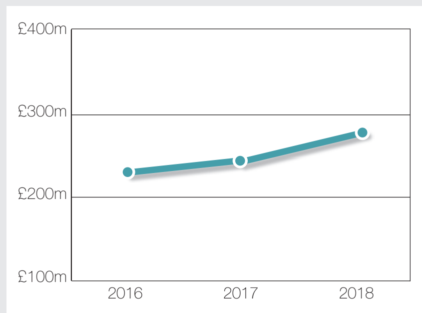
This included 14 years as chairman, during which time he led the company's stock market flotation in 2014.

Strategy

In June, Saga announced that while its number of new motor policies had increased by 30%, overall policies were only up 1%. The over-50s specialist blamed a combination of new FCA rules, which state that renewals should highlight the previous year's price, as well as the closure of its Direct Choice brand.

Saga predicted that the performance of its broking business will improve in 2018 as a result of cost savings achieved in the previous year, while cautioning that increased investment of £10m in customer acquisition is likely to knock headline profit figures.

BROKERAGE (£M)



KEY: Sectors Personal London International Commercial ★ New entry **Ranking** up on 2017 no change down on 2017

#12 Swinton

2017: **11**
Chief executive: **Gilles Normand**

Brokerage: £222.7m

Management

Gilles Normand (right) remains chief executive of the broker, which saw the death in April of its founder Ken Scowcroft at the age of 89.

Strategy

Swinton unveiled another big wave of branch closures in February this year, meaning it is no longer the biggest broker on the high street, having been overtaken by A-Plan's continued expansion.

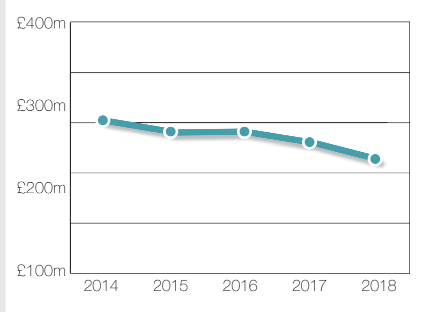
The announcement of another 40 branch closures, which put 268 jobs at risk, followed even bigger culls over the previous two years. Swinton's bricks and mortar network has shrunk from 446 branches five years ago to just 59.

Gilles Normand, Swinton

Swinton's traditionally heavy exposure on the high street made it the broker most visibly affected by the shift to greater on-line purchasing of insurance. It said the closures were prompted by the huge shift in insurance buying habits among its customers, fewer than one in 10 of whom now use its branches.

The company has responded to the new buying environment by ploughing £45m into its online channels as well as opening a new customer telephone contact centre. These ongoing restructuring costs contributed to a 28% drop in Swinton's pre-tax profits in 2016, published in September last year.

BROKERAGE (£M)



#13 Integro

2017: **16**
Chief executive: **William 'Bill' Goldstein**

Brokerage: £158.6m

Management

Despite the merger with Lloyd's broker Tysers, (see below), the top team at Integro's UK operation remains relatively stable. Even though the wholesale business has taken the Tysers brand. It will be managed by David Abraham and Jason Collins, who co-headed Integro's UK wholesale operations prior to the merger. Integro's UK retail head Bob Pybus is leading the combined retail business.

Neil Clayton, the fourth member of the leadership team set up by Integro last year, remains head of entertainment and sport. Tysers chair Christopher Spratt has joined Integro's UK board.

Prior to the Tysers merger announcement, Integro's biggest UK appointment over the past year had been the hiring of Keith Anderson as chief financial officer. Before joining Integro, Anderson held the same role at United Insurance Brokers.

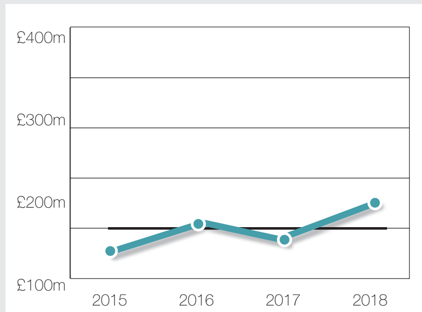
David Abraham, Integro

Strategy

It's been another year of strong growth for Integro, which doubled its brokerage income in 2017. In April, the US-owned company announced the merger with London market broker Tysers. The acquisition of Tysers' parent company Hawkes Bay Holdings is Integro's largest to date, nearly doubling the size of its wholesale business.

By June, Integro said it had completed the integration with Tysers. The Tysers brand will survive as the two firms' wholesale businesses combine. Meanwhile, Tysers' UK corporate team will merge with Integro's UK retail unit under the latter's brand. Integro has said that it plans to integrate its wholesale and retail operations in "the near future".

BROKERAGE (£M)



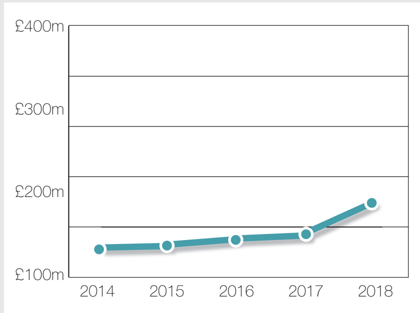
#14 A-Plan

2017: **17**
Chief executive: **Carl Shuker**

Brokerage: £141.8m

Carl Shuker, A-Plan

BROKERAGE (£M)



Management

Carl Shuker has just celebrated 10 years as chief executive of A-Plan, which he took over after a management buy-out preceding the firm's acquisition by HgCapital in 2015.

Strategy

A-Plan made its biggest ever acquisition at the beginning of this year when it announced the purchase of Endsleigh from Zurich. The company, a household name thanks to its niche in the student market, has concentrated activities at its headquarters in Cheltenham.

Around the same time, A-Plan made another rare acquisition when it announced that it had bought personal lines and SME broker Oliver & Sanders, which has branches in Andover and Frome.

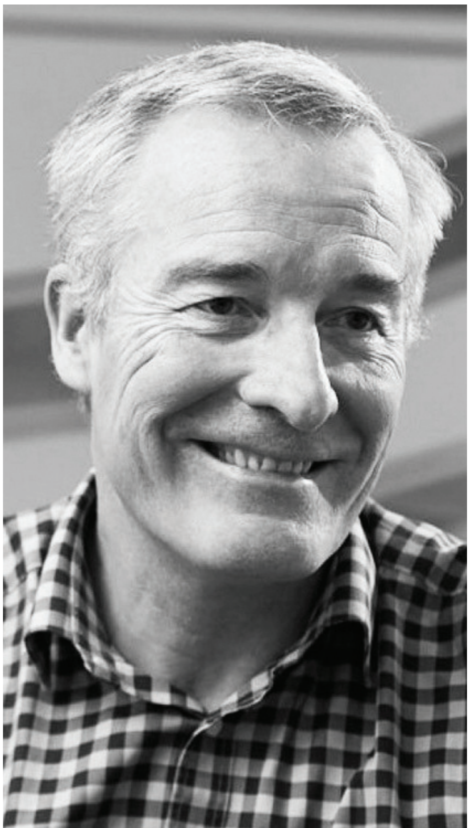
Meanwhile, A-Plan continues to buck the trend in insurance buying habits by expanding its network of bricks and mortar branches. The Oxfordshire-based broker plans to more than double its physical footprint, which currently comprises 72 branches and call centres. In line with this, the company is rolling out new branches at the rate of about five a year.

The company is also bolstering the high streets where it operates by offering customers who take out new car or home insurance policies one of its Local Network Mastercards pre-charged with £50 to be spent with local businesses, as well as ongoing discounts.While counterintuitive, the strategy appears to be working: in the year ending February 2017, A-Plan posted a 7% rise in profit after tax to £25.7m.

#15 AA

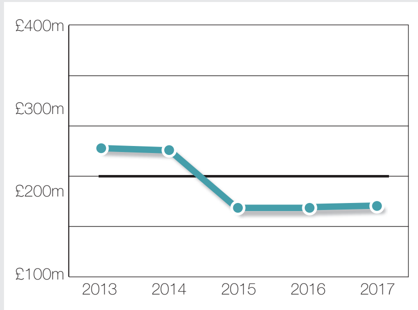
2017: **13**
Chief executive: **Simon Breakwell**

Brokerage: £133m



Simon Breakwell, AA

BROKERAGE (£M)



Management

AA continues to be overshadowed by the fall-out from the dismissal last year of the company's executive chairman. Bob Mackenzie, who was sacked for gross misconduct after reports that the 64 year-old had been in a fracas with a male colleague, is seeking £225m in damages for dismissal. Janet Connor remains director of insurance under chief executive Simon Breakwell.

Strategy

The troubles at the top of AA in 2017 were reflected by its two-place slip in the Insurance Times Top 50 to 15th place.

The breakdown and financial services company's brokerage income was up just £2m in the year ending January 2018. However, the company's motor broking business returned to growth and the decline in its home business slowed. In addition, the number of policies written by its recently established MGA, which broke even for the first time over the past year, nearly doubled to 223,000. The MGA, in which Qatar Re holds an 80% stake, set a target of writing 250,000 policies when it launched two years ago.

Looking forward, AA's recently published strategy document identifies young drivers as well as better integration of digital and connected car products as areas of growth in its insurance business. But it warned that plans to invest £45m across the business would restrain profit growth in 2019.

KEY: **Sectors** Personal London International Commercial New entry **Ranking** up on 2017 no change down on 2017

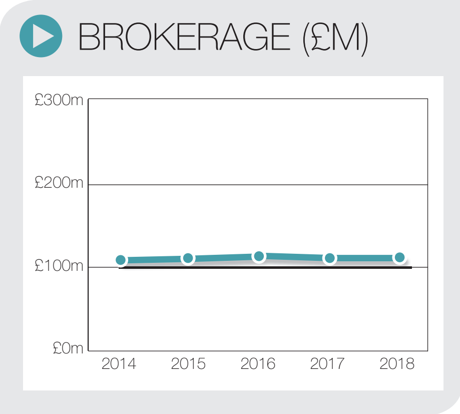
imas TOKIO MARINE HCC

#16 Miller

2017: **14**
Chief executive: **Greg Collins**

Brokerage: £116.6m


Greg Collins, Miller



Management

The top team at Miller has remained stable since last year's changes that resulted in Graham Clarke taking the chairman's role after 16 years as chief executive of the London market broker, freeing up the latter position for Greg Collins. Miller's higher profile hires include that of ex-Marsh executive Ian Curtin, who took on the role of head of energy construction.

Strategy

Global broking giant Willis Towers Watson has held an 85% stake in Miller, which is keen to emphasise that it is independent of its biggest investor, since 2015.

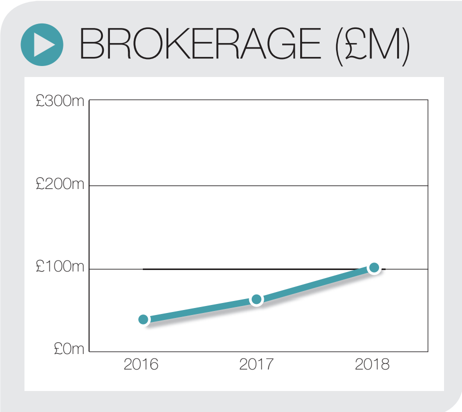
While it remains headquartered in London, employing around 600 people across its UK and international operations, Miller's sights appear to be increasingly set on the Asia Pacific region after a series of key hires in its Singapore office over the last six months.

The firm identifies North America, professional lines, credit & political risks and sports & entertainment as its key priority areas for growth.

#17 Global Risk Partners

2017: **20**
Chief executive: **David Margrett**

Brokerage: £102.4m




David Margrett, GRP

Management

GRP's most significant senior appointment over the past year has been the appointment of former Towergate Underwriting boss Clive Nathan to run its MGA business. He took over from Stephen Ross, who retains his other role as GRP's chief operating officer.

GRP's rapidly extending family has also seen the retirement of Ian Gosden, who founded Higos, which joined the consolidator earlier this year. Mike Bruce and co-founder Peter Cullum remain broking chief executive and chairman of GRP.

Strategy

It has been another year of breakneck expansion for GRP, based on its model of setting up a series of 'regional powerhouses' for growing the business. The past year has seen the consolidator buy broking firms County Group, Green, Higos and Alan & Thomas. They will form its north-west, south-east, south-west and southern regional hubs respectively.

These regional hubs have already been springboards for further acquisitions. The latest was Crewe-based broker Guardian by north-west hub County, announced in late July, which brings GRP's total acquisitions to 30 since the consolidator was set up in late 2013.

GRP now controls around £650m worth of gross written premium, which Margrett aims to see grow beyond £1bn. At the end of last year, GRP secured an additional £200m facility for making acquisitions.

Despite the rapid nature of GRP's expansion, Margrett stressed in a recent interview with IT that he prioritises quality over quantity when making acquisitions.

The management teams at the bigger acquisitions retain an ongoing financial interest in the business, with GRP supplying support and help when identifying targets to buy.

GRP's other notable acquisitions include Country & Commercial Insurance Brokers, which brought with it oversight of the Federation of Agricultural Brokers, a UK-wide 31-firm network.

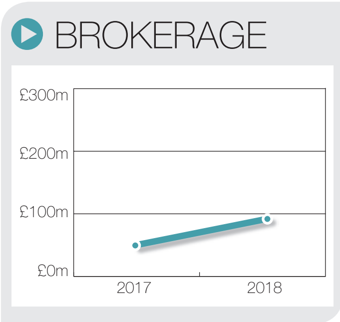
The company also upped its exposure to the MGA market by buying a majority stake in Bromley-based specialist agency Camberford Law.

#18 PIB

2017: **28**

Chief executive **Brendan McManus**

Brokerage: £97.4m



Management

PIB was set up in 2014 with backing from chairman Chris Giles. Ex-Towergate M&A chief Ryan Brown is finance director and ex-QBE property head Bernard Mageean looks after underwriting.

Chief executive Brendan McManus announced earlier this year that PIB will set up a whistleblower policy to ensure that brokers do not feel pressured to place business with the consolidator's MGA arm.

Strategy

PIB is the highest new entry in this year's top 20. The firm's 10 place jump from 28th to 18th place, based on its figures for the year ending December 2017, reflects the acquisition spree the company has been on.

The group has completed 18 acquisitions, including four MGAs.

The most recent are Albany Childcare and Leicester-based Wheatley Wright Insurance Services, both announced in June.

PIB's focus is on buying specialist brokers with average earnings of around £2m. Other big-ticket purchases include Lorica Insurance Brokers.

#19 BMS

2017: **19**

Chief executive **Nick Cook**

Brokerage £81m

Management

The employee-owned insurance and reinsurance intermediary is part of Minova Holdings, which also owns Pioneer Underwriting.

Nick Cook has headed BMS since 2013. Former Brit Insurance head Dane Douteil and ex-Bain and Co insurance practice head Christopher Hopton are group chief executive officer and chair respectively of Minova.

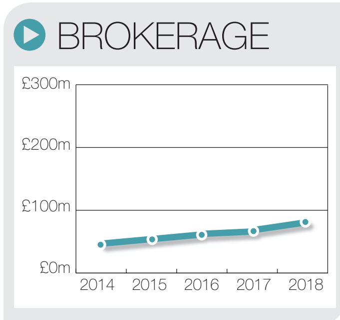
Strategy

BMS Group has expanded in Spain, Turkey and Australia.

The past year has also seen the BMS branch out into energy insurance with the formation of a specialist division.

Building on BMS's expertise in energy reinsurance, it is headed by former Price Forbes power and utilities specialist James Chicken and chaired by by Charlie Bowring.

BMS likes to stress its entrepreneurial approach and earlier this year it launched an Innovation Lab, designed to provide a platform for employees to develop innovative and disruptive approaches and technologies to the insurance market.

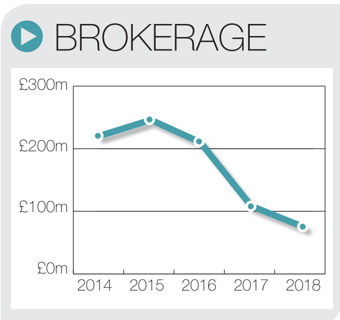


#20 ED BROKING

2017: **15**

Chief executive **Steve Hearn**

Brokerage £75m



Management

Steve Hearn remains in the top job at Ed Broking, while Heather Clarkson has taken the role of managing director of marine, reporting to Andrew Draycott, chief executive of energy, marine & construction.

Strategy

Hearn made a splash in 2016 by rebranding the firm formerly known as Cooper Gay Swett and Crawford. However, the drop in income that took place during the year resulted in Ed suffering the biggest fall of any firm in this year's Top 50, down five places to 20th.

Hearn has embraced the forces of disruption, discussing the future of insurance with Google executives.

Ed has launched its own app, TradEd, for placing commercial insurance. And in May, the global wholesale insurance and reinsurance broker announced that it had entered into a collaboration with geospatial data enrichment and analytics firm SpatialKey.

#21 ADRIAN FLUX

2017: **21**

Senior partners **David Flux**

Brokerage £72m

Management

Founded more than 40 years ago, the company is now run by David Flux, son of founder Adrian. Paul Twite is the company's general manager.

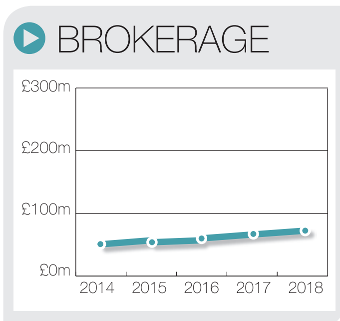
The firm's headquarters is in East Winch Hall, a stately home outside King's Lynn, where 750 of its staff are based.

Strategy

Adrian Flux provides a broad range of niche motor and household insurance.

Adrian Flux started out in the mid 1970s providing cover for kit cars and classic vehicles Since then, the firm has branched out into 4x4s, motorbikes, military vehicles, Japanese imports, VW camper vans and cover for disabled drivers.

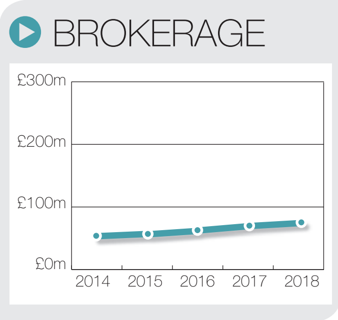
Adrian Flux generally maintains a low profile, but it made headlines earlier this year when it revealed that it is dropping its glamour marketing troupe of Flux Babes in response to changing social mores.



KEY: Sectors Personal London International Commercial **Ranking** up on 2017 no change down on 2017 ★ New entry

#22 THB

2017: **18**
Chief executive **Frank Murphy**
Brokerage £71.6m



Management

THB is part of US wholesale broker AmWINS. Frank Murphy, president of AmWINS International, has been chief executive of THB since 2009. Sasa Brecerevic recently departed as chief operating officer. Director Ricardo Borges was appointed as managing director of the Amsterdam-based business succeeding Paul Lindeboom, who had been with THB for a decade after its acquisition of PWS International. Underwriting agency Unicorn appointed Neil Chapman, ex Head of Argo Global D&F, to run its newly launched Worldwide Property division.

Strategy

THB continues to focus on North American property and catastrophe lines alongside significant portfolios in Latin America, Africa, Europe and parts of Asia and Australasia.

THB seeks to continue to strengthen its penetration of the UK market via its newly enhanced THB UK Risk Solutions division, which offers UK retail brokers online quote and buy products aimed at SME clients across a wide range of classes including EL, PL and cyber. THB has also recently launced a UK SME division.

#23 MARKERSTUDY

2017: **22**
Chief executive **Kevin Spencer**
Brokerage £66m

Management

Markerstudy, which was set up 17 years ago, is led by Kevin Spencer with Gary Humphries as group head of underwriting.

Dan Fiehn, who was head of IT, has just been promoted to chief operating officer.

Adam Miller, who was Fiehn's deputy, has moved up to take the role of group IT head.

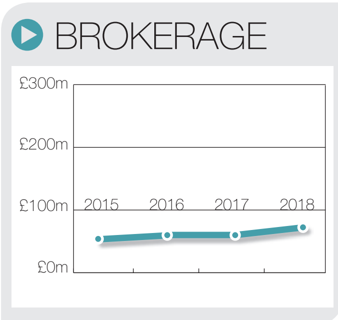
Strategy

Markerstudy's big play during the past year has been the consolidation of its MGA operations into what it describes as a single new 'powerhouse' operation. Spencer has claimed that bringing together Markerstudy Ltd, Zenith Insurance Management and Zenith Marque will create the largest MGA in the UK, servicing more than 1,000 brokers and 1.5 million policyholders.

Markerstudy aims to increase its MGA's GWP to £1bn by 2021 with further acquisitions.

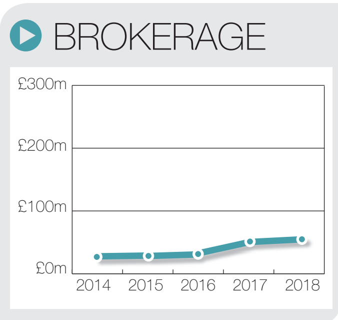
The MGA consolidation follows the transfer of Markerstudy's businesses to Qatar Re earlier in the year.

Markerstudy has recently added travel insurance to its Trice app.



#24 ASTON LARK

2017: **27**
Chief executive **Peter Blanc**
Brokerage £56.3m



Management

Aston Scott and Lark Group announced they were merging last September to create a new firm with 630 staff in 18 offices across the UK. Private equity firm Bowmark Capital, which bankrolled chief executive Peter Blanc's original buyout of Aston Scott in May 2015, backed the merger by buying out both firms' entire share capital.

The new look Aston Lark has announced that revenues for the combined company have increased by 6% in its first year. Blanc is chief executive of the new company, with former Lark chairman Graham Lark a non-executive director.

Strategy

Aston Lark has already made its first two acquisitions with further deals in the pipeline, according to Blanc. The new group has confirmed the acquisition of Stourbridge-based broker Ingram Hawkins & Nock, which deals predominantly in commercial lines, and Michael James Insurance in Kent.

#25 GRANITE/ ACORN INSURANCE

2017: **42**
Chief executive **Alan Keating**
Brokerage £53.1m

Management

Granite, established more than 30 years ago, is led by chief executive Alan Keating with support from director Marcus Gowing.

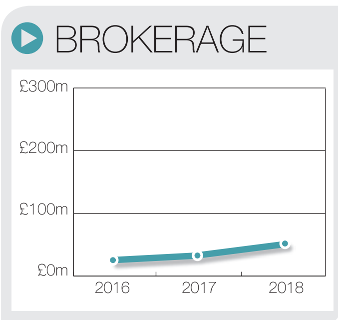
Strategy

The Liverpool-based broker is the second fastest riser in this year's *Insurance Times Top 50 Brokers*, rising 17 places after nearly doubling its revenues from £28m to £53.1m in 2017.

The company includes motor broker Acorn Insurance and MGA Granite Underwriting.

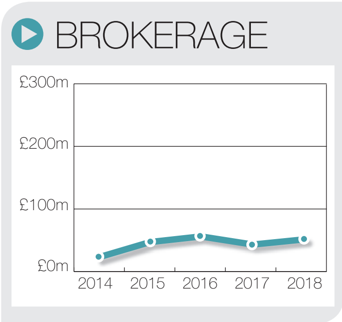
Acorn specialises in niche areas of motor insurances such as modified and imported vehicles.

It also caters for drivers with special requirements, like learners and those with motoring convictions, as well as offering multi-vehicle deals for taxi firms.



#26 FIRST CENTRAL

2017: **30**
Chief executive **Simon Walker**
Brokerage £52.6m



Management

Simon Walker stepped up to become group chief executive officer of First Central in January 2018, having previously held the role of chief operating officer. Prior to joining First Central, he worked for 14 years at Aon where his last role was global head of operations in the risk consulting business. Andy James remains UK chief executive and co-founder Mike Leonard chairs the business. The past year has also seen the appointment of John Kennedy as group chief financial officer.

Strategy

First Central Insurance Management is the UK broking arm of the First Central Group, which was launched ten years ago.

Specialising in the private motor market, First Central also comprises a Gibraltar-based underwriter and Guernsey-based reinsurer, both trading under the Skyfire brand.

The company has developed its own software, which Walker says has given it a competitive edge over other businesses which are still relying on legacy systems.

#27 BROKER NETWORK

2017: **47**
Chief executive **Andy Fairchild**
Brokerage £52m

Management

Former Jelf chief executive Alex Alway took over as chairman of Broker Network earlier this year. He replaced Ian Clark, who retains a role providing strategic advice for the network.

Strategy

Broker Network has enjoyed the biggest rise in this year's *Insurance Times top 50 Brokers* table, shooting up 22 places from 49th to 27th.

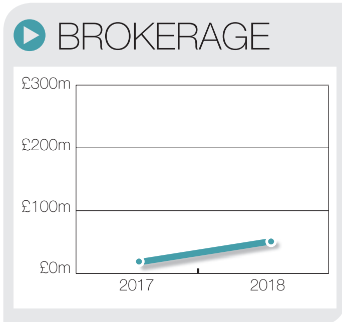
The network's rapid growth in 2017 follows backing by HPS Investment Partners and Madison Dearborn Partners together with a change of tack in terms of strategy.

The network still has its long-standing stable of independent brokers, currently around 600.

Alongside that, Broker Network has acquired six regional partners.

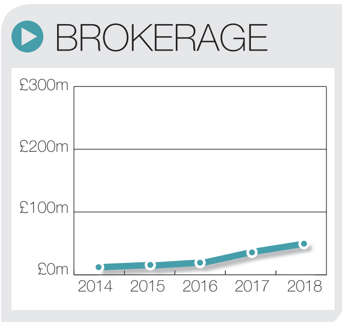
Broker Network is planning to create up to a dozen of these regional hubs, each designed to provide a fulcrum for further purchases.

So far, there have been five acquisitions of these satellite brokers.



#28 STACKHOUSE POLAND

2017: **32**
Chief executive **Tim Johnson**
Brokerage £50.6m



MANAGEMENT

High net worth specialist Stackhouse Poland is headed by Tim Johnson, who was previously chief executive officer of Towergate's payment protection arm Paymentshield. Former managing director Jeremy Cary is group chairman of the 450-strong firm while founder Jeremy Agnew retains a seat on the board.

STRATEGY

Stackhouse Poland has been on the acquisition trail over the past year, reflected in the company's four-place rise in the *Insurance Times Top 50* and nearly one-fifth growth in brokerage income.

Its most recent acquisition is Blackburn-based Caprica Healthcare, which has more than doubled the firm's health insurance broking activities. Stackhouse Poland also bought Birmingham-based corporate insurance broker Honour Point in April, after a string of deals in 2017.

#29 UNITED INSURANCE BROKERS

2017: **31**
Chief executive **Shaun Barrington**
Brokerage £50.6m

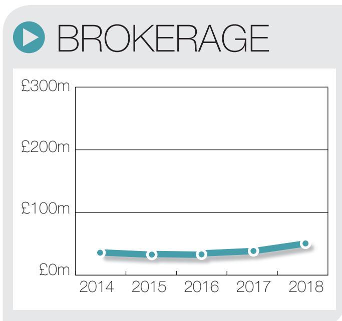
MANAGEMENT

The group continues to be run by chairman and chief executive Bassem Kabban, whose family also owns the majority of the business. Other key shareholders include Japanese corporate investors holding about 20% of the business, a proportion which grew significantly in 2017.

The UK broking entity is run by chief executive Shaun Barrington. The company appointed a new finance director, Keith Gribben, last year after the departure of Keith Anderson to Integro.

STRATEGY

The London market broker focuses on aviation and space, construction, corporate and commercial, energy, marine, non-marine and treaty reinsurance. The company's most recent move was in June when it set up a new retail business in Colombia.



KEY: Sectors Personal London International Commercial Ranking up on 2017 no change down on 2017 New entry

imas

TOKIO MARINE HCC

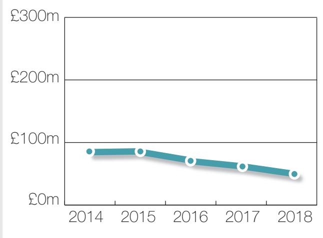
#30 BRIGHTSIDE

2017:**24**

Chief executive **Brendan McCafferty**

Brokerage £49.4m

BROKERAGE



MANAGEMENT

Mark Cliff is stepping up to chairman of the Bristol-based broker, replaced as chief executive by former AXA cheif executive and former head of Flood Re, Brendan McCafferty. Cliff, a former Ageas retail head, says that it is the 'right time' for someone else to take Brightside on the 'next stage of its journey'.

STRATEGY

Brightside has dropped six places, more than any other broker, in this year's *Insurance Times Top 50 Brokers*.

The firm's brokerage revenues were down 17%, largely due to a withdrawal of capacity by Markerstudy.

In an interview with *Insurance Times* last year, Cliff said that Brightside had replaced this lost capacity.

And Brightside's retention rates, customer satisfaction and fraud levels had all improved.

But the launch of its van MGA Kitsune, which was due in the second quarter of this year, is behind schedule and the company remains embroiled in attempts to make claims relating to past legal battles with its ex-owner Aaron Banks.

#31 SIMPLY BUSINESS

2017: **29**

Chief executive **David Summers**

Brokerage £48m

MANAGEMENT

David Summers took over at the head of Simply Business' UK operations earlier this year.

Formerly at Accenture, Summers has worked at Simply Business since 2006, most recently as chief operating officer.

The vacancy was created by the promotion to group chief executive with worldwide responsibilities of Jason Stockwood.

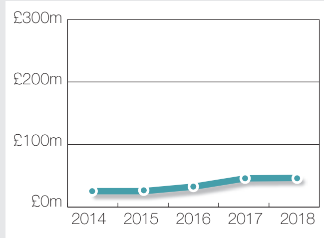
He had previously headed dating website Match.com before joining Simply Business in 2010.

STRATEGY

Simply Business has opened an office in Boston, USA, in a signal of the global ambitions that its new owner Travelers has for its $490m acquisition. The online SME broker has also been rebranded, with a new logo.

Chief commercial officer Alan Thomas recently sprang to the defence of aggregator sites against accusations that they foster underinsurance among SMEs. Simply Business provides GoCompare.com's business insurance service.

BROKERAGE



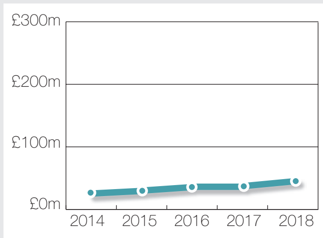
#32 BESSO INSURANCE

2017: **35**

Chief executives **Robert Dowman and Russell Nichols**

Brokerage £44.6m

BROKERAGE



MANAGEMENT

The top team set up after last year's £70.5m acquisition by American financial services group BGC Partners, is still in place. The Lloyd's broker's ex-chief executive Colin Bird is chairman and Robert Dowman and Russell Nichols are joint chief executives. Besso's former executive chairman Michael Wade, who since 2015 has had a role as senior advisor to the Cabinet Office, was awarded an OBE in the recent Queen's Birthday Honours List.

STRATEGY

Besso rose three places in this year's *Insurance Times Top 50 Brokers* on the back of an 18.6% increase in broker income.

The company, which has business across property, casualty, marine, aviation, professional and financial risks and reinsurance, joined the London market Placing Platform Ltd (PPL) electronic risk placement system.

#33 RFIB

2017: **36**

Chief executive **Dennis Mahoney**

Brokerage £43.8m

MANAGEMENT

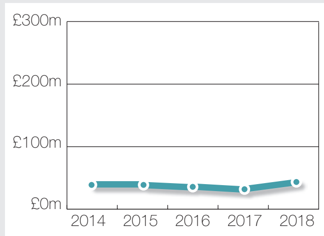
Former Aon UK chief executive Dennis Mahoney moved back to the role of executive chairman of RFIB in May after three years as chief executive. He has been replaced by Stephen Beard, a former chief executive of IT software and business services provider Agilysis, who joined RFIB as chief finance officer in January. Former KPMG head of general insurance Mark Winlow remains chairman. Jack Gressier has been hired to head RFIB's new sister MGA company Limehouse Agencies.

STRATEGY

Risk Transfer Group, RFIB's recently rebranded holding company, has set a goal of doubling revenues to £100m by 2021. RTG aims to transform RFIB into the leading independent wholesale broker in its specialty fields.

Another key plank of the strategy is acquiring MGAs through Limehouse Agencies, which it recently started with specialist Irish marine market underwriting agency Corporate Underwriting Ltd.

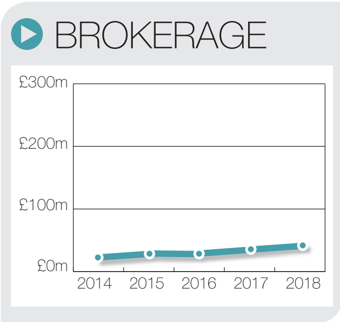
BROKERAGE



#34 BERRY PALMER LYLE

2017: **39**
Managing directors **Sian Aspinall** and **James Esdaile**

Brokerage £42.1m



MANAGEMENT

Berry Palmer Lyle (BPL), which celebrated its 35th anniversary this year, has grown from a team of four into what it claims is the largest specialist credit and political risk insurance (CPRI) broking practice.

Founder Charles Berry remains chairman. His fellow co-founder Anthony Palmer stepped down as deputy chairman last year, but remains a non-executive director of BPL Global.

Sian Aspinall and James Esdaile are joint managing directors of the 90-strong firm.

STRATEGY

BPL has moved up five places in this year's *Insurance Times Top 50 Brokers* with a 27.1% increase in brokerage. BPL Global, which was re-branded this year with a new logo and website, aims to build on its market-leading position in CPRI. It was the first broker to place a CPRI policy on PPL, the London insurance market's electronic placing platform.

#35 CFC UNDERWRITING

2017: **41**
Chief executive **David Walsh**

Brokerage £41.2m

MANAGEMENT

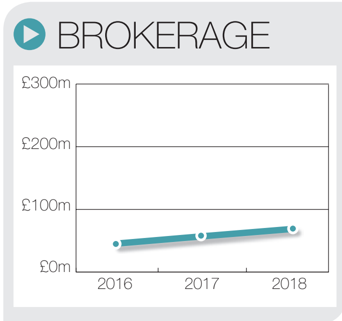
The 200-strong MGA is still run by founder David Walsh, who set it up during the dot-com boom to sell cyber insurance online under the name ClickForCover.com. He is supported by chief financial officer Michael Grist, chief innovation officer Graeme Newman and chief underwriting officer Andy Holmes.

STRATEGY

CFC Underwriting has had another strong year, with a six place rise in the *Insurance Times Top 50 Brokers,* fuelled by a 26% increase in revenues.

The firm, which writes about 15% of all cyber insurance business in Lloyd's, places about 70% of its GWP in North America.

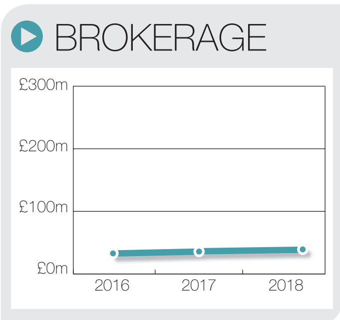
CFC seeks to stay at the cutting edge of cyber insurance. It has recently launched a dark web cyber tool to monitor data breaches and created a phishing simulation tool to educate staff before a security breach has taken place.



#36 COMPLETE COVER

2017: **37**
Group chief executive **Shaun Hooper**

Brokerage £38.2m



MANAGEMENT

Shaun Hooper, former head of Cooper Gay prior to its 2016 rebrand as Ed Broking, took on the role of group chief executive at Complete Cover in mid-2017. But it emerged earlier this year that Sharon Beckett, retail broking chief executive, is leaving the company.

STRATEGY

Complete Cover, which until a rebrand in 2016 was known as A&A, was set up in 1968 as a two-man operation in a shed in Twickenham. The company has grown to more than 30 employees, specialising in motor insurance.

Complete Cover has a Gibraltar-based sister company, insurer Mulsanne, run by ex-group chief executive Tony Allen.

Complete Cover moved up one place in the *Insurance Time Top 50 Brokers* with an 11% rise in brokerage revenue during the year.

#37 MCE INSURANCE

2017: **34**
Chief executive **Julian Edwards**

Brokerage £36.2m

MANAGEMENT

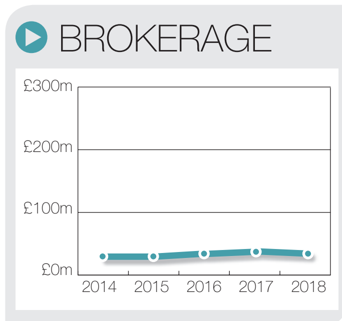
Julian Edwards has run MCE since 2010, when he took over from his father Michael who set up the company in 1975.

STRATEGY

Specialist motorcycle broker MCE's latest results show that turnover increased by 22% to £36.2m with profits after tax up tenfold to £10.2m.

However, the company recently revealed that it is pulling out of providing cover in the Republic of Ireland, a move that it claims was prompted by uncertainties surrounding the Brexit transition deal, saying it was unlikely that passporting rights would be preserved after Brexit.

The firm set up a Gibraltar-based carrier in 2012. In addition to its motorcycle products, the niche broker offers scheme insurance for van and car drivers, couriers and fast food delivery drivers.



KEY: Sectors Personal London International Commercial Ranking up on 2017 no change down on 2017 New entry

#38 NEXUS UNDERWRITING

2017: **43**
Chief executive **Colin Thompson**

Brokerage £35m

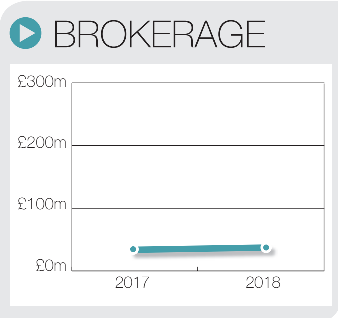
MANAGEMENT

Colin Thompson has moved back into the role of group chief executive at Nexus, which he founded 10 years ago. He replaced Tim Coles, who moved into the role of chief operating officer. The MGA's biggest appointment during the past year has been former AmTrust chief underwriting officer Mike Sibthorpe, who joined in April to become chief executive of insurance and reinsurance at Nexus Underwriting Management.

STRATEGY

Ardonagh was reported to be in "advanced talks" to buy Nexus, which has itself been on an acquisition warpath over the 18 months.

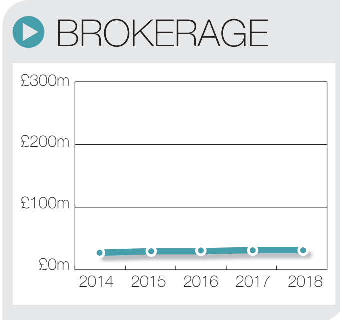
Earlier this year it announced the purchase of Apsley Specialty, a specialist directors' & officers' and financial institutions MGA. This followed four acquisitions in 2017, the most recent of which was specialist trade credit broker CRS in September.



#39 BE WISER

2017: **40**
Chief executive & chairman **Mark Bower-Dyke**

Brokerage £32.7m



MANAGEMENT

Be Wiser continues to be led by chief executive and executive chairman Mark Bower-Dyke, who set up the business in 2007. Finance director Andrew Dunkerley has been at Bower-Dyke's side since the latter set up his previous insurance business, A-Quote, in the late 1980s. Be Wiser's director of insurer relations Jackie Basham also worked with Bower-Dyke at A-Quote.

STRATEGY

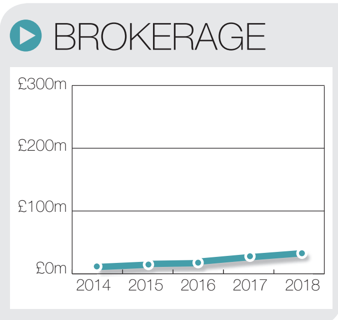
Be Wiser's brokerage was unchanged from last year, and it slipped one place in the rankings. Be Wiser is a mainly personal lines broker employing more than 600 members of staff all based at its offices in Andover, Hampshire. The company runs nine separate brands. Bower-Dyke has placed a heavy emphasis on training, launching the industry's first graduate insurance degree programme that combines work experience with formal study.

Be Wiser recently extended its long term deal with Close Brothers Premium Finance that will stretch well into the 2020s.

#40 CRISPIN SPEERS

2017: **45**
Managing director **Crispin Speers**

Brokerage £31.4m



MANAGEMENT

The specialist insurance and reinsurance broker is led by eponymous founder and managing director Crispin Speers. A broker since the mid-1960s, he founded the business in 1985. Also still on board from the early days is broking head David Stirling, one of Speers' co-founders. The firm's non-executive chairman is lawyer Ken Davidson, a former chair of the CII.

STRATEGY

Lloyd's insurance and reinsurance broker Crispin Speers has had a strong year, increasing its brokerage income by 22% to £31.4m, which has helped push it up five places in the Top 50.

The firm's expertise includes specialist travel and leisure insurance, accident and health, employee benefits, professional liability, aviation and reinsurance.

#41 VANTAGE INSURANCE

2017: **n/a**
Chief executive **John Collyear**

Brokerage £29.4m

MANAGEMENT

John Collyear, James Stuart, Tom Cooper, and Nigel Coppen got together in 2008 to found the company today known as Vantage.

All four are still at the firm in the roles, respectively, of chief executive, executive director, chief operating officer and retail & marketing director.

They are joined by Chris Ryder Richardson, head of underwriting; Louise Watson, financial controller; James Gibson, head of compliance; and Stuart Craig, group marketing director.

STRATEGY

Essex-based Vantage is the highest new entry in this year's *Insurance Times Top 50 Brokers,* vaulting in on the back of a trebling of broker income in 2017. NSM Insurance, a US-based broker, bought Vantage in 2016. Since then, Vantage has bought West Midlands-based Maybury James and personal lines broker Fresh Insurance. Vantage started up in 1999 as an affinity scheme for the Caravan Club and retains a strong presence in this niche market alongside motorhomes, and classic cars via its Club Care, Shield Total and Crusader retail brands.

It also provides professional indemnity and business liability insurance products.

#42

iGO4

2017: **n/a**

Chief executive **Matt Munro**

Brokerage £27.2m

MANAGEMENT

Chief executive Matt Munro co-founded iGO4 in 2007. Before that he was sales director for the BGL Group, and has in the past worked at Aon and Endsleigh across corporate partnerships, operations and insurer and supplier management.

The company's chairman is Geoff Baars who is based in Perth, Western Australia where he is a group executive director and one of the founders of iGO4's backer NMG Capital. He previously worked as a marketing actuary for Swiss Re in South Africa and Switzerland, and has experience in mergers and acquisitions.

STRATEGY

A new entry this year to the *Insurance Times Top 50 Brokers*, iGO4 was founded in 2007, developed to reflect the shift to aggregators in personal lines insurance.

Harnessing technology remains key to the company's stated proposition and it launched its own telematics product in 2012. iGO4 has set up a number of partnerships. In 2012, it partnered with Hastings to deliver Hastings Direct Smartmiles, a young driver-focused telematics product. It has also partnered since 2015 with RAC Financial Services to provide and administer RAC van insurance.

Earlier this year the broker joined forces with CDL to launch a mobile app-accessed portfolio of personal lines insurance products.

#43

BOLLINGTON

2017: **n/a**

Chief executive **Paul Moors**

Brokerage £26.3m

MANAGEMENT

Paul Moors has continued as chief executive following the north west broker's merger with Manchester's Wilsons Insurance. Moors joined Bollington in 1998 when Bollington merged with Claverley Hyde. John Wilson chairs the group, with Bollington executive Chris Patterson taking on the role of group managing director.

STRATEGY

The merger was backed by UK private equity firm Inflexion, which has indicated that it will support the group with further add-on acquisitions.

The merger followed Bollington's launch of new MGA Anjuna Underwriting, backed by £80m of capacity from Danish insurer Gefion.

It will cater for taxis, couriers and self-drive hire. Bollington and Wilsons continue to operate as separate brands with complementary product lines.

Bollington's main trading divisions are: business insurance, motor trade insurance, care and charity insurance, private client insurance, and risk management.

The broker now employs almost 400 people, with offices in Bollington, Macclesfield, Manchester, Liverpool, and Altrincham.

Bollington says it has grown by identifying trade niches and developing innovative insurance products and services for them.

It also has a wholesale company, Bollington Underwriting Limited.

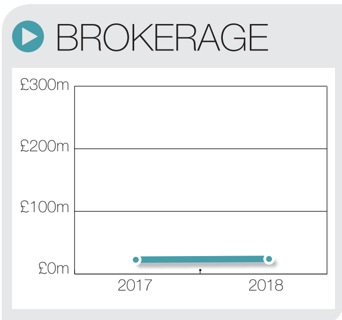
#44

MILES SMITH

2017: **46**

Chief executive **Paul Chainey**

Brokerage £24m



MANAGEMENT

Miles Smith is a 220 employee-strong broker led by chief executive Paul Chainey and non-executive chairman Chris Stooke, who holds the same role at insurer Chaucer. They are supported by managing director Paul Samways, who joined the company in 2009.

STRATEGY

After private equity fund Pollen Street took a majority stake in the broker last Christmas, Chainey said he aims to double turnover in the next five years. As a result of that deal, MS Amlin sold its 26% stake in Miles Smith.

The schemes and affinities Lloyd's broker has developed a reputation for developing insurance products for niche markets and high-risk industries. An example is the Early Intervention Scheme, an Aviva-underwritten product that provides access to treatment for employees off work due to physical injury, stress, depression or anxiety.

#45

ONE CALL INSURANCE BROKERS

2017: **n/a**

Chief executive **John Radford**

Brokerage £23m

MANAGEMENT

John Radford founded One Call in September 1995 in Sheffield. Managing director is Nik Springthorpe.

STRATEGY

One Call broke into the *Insurance Times Top 50 Brokers* this year. In January, however, the Doncaster-based broker was hit with a £684,000 fine by the FCA over its handling of client money.

In addition, chief executive Radford was fined £468,600, as well as being barred from responsibility for client money.

The FCA found that, as a result of weak controls, the company had inadvertently used client money for purposes such as to pay directors, finance working-capital arrangements, and capitalise its connected company One Insurance.

On top of the fines, the firm was also barred from charging renewal fees for four months even though no clients suffered a loss.

The FCA announcement cast a cloud over results showing that the company's brokerage revenues had increased by 16.8% to £23m.

But, within a fortnight, One Call bounced back with the launch of an online tool designed to provide prospective policyholders with a motor insurance quote in a minute.

KEY: Sectors Personal London International Commercial Ranking up on 2017 no change down on 2017 ★ New entry

#46 RIGHT CHOICE

2017: **n/a**
Chief executive **Mike Joseph**

Brokerage £22.9m

MANAGEMENT

Mike Joseph launched Right Choice in 2008. Ian Owen was appointed chairman following a £28m investment by Lloyds Bank's private equity arm LDC, which appointed two non-executive directors to the board.

STRATEGY

Right Choice entered the insurance big league this year with its first entry in the *Insurance Times Top 50 Brokers* after a 21% jump in brokerage income. The Essex-based motor insurance specialist employs more than 350 people.

#47 ALAN BOSWELL GROUP

2017: **48**
Group managing director **Chris Gibbs**

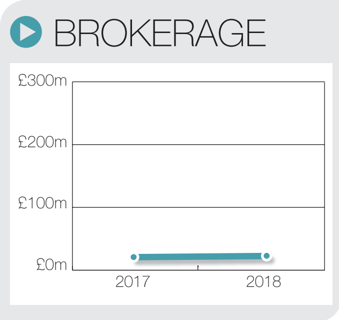
Brokerage £22.2m

MANAGEMENT

Alan Boswell is executive chairman of the company that he set up in Norwich in 1982. Day-to-day operations are handled by group managing director Chris Gibbs, supported by finance director Alastair Drew.

STRATEGY

The Alan Boswell Group has maintained its position in the Top 50 after breaking in last year.



The specialist schemes broker employs around 340 people in 10 offices across Norfolk, Suffolk, Lincolnshire and Cambridgeshire. It has launched a risk management arm of the business. Its most recent acquisitions are Lincolnshire broker Sutcliffe Solloway & Company and S-Tech Insurance Services in Cambridge. Alan Boswell recently signed a three year deal to provide insurance and risk management services to Norwich City Football Club.

#48 BARBON INSURANCE

2017: **49**
Chief executive **Martin Totty**

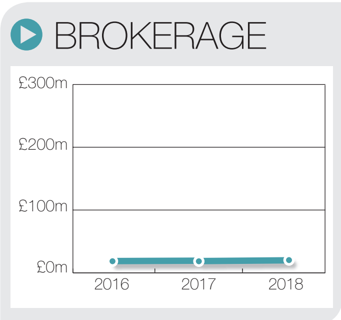
Brokerage £21.8m

MANAGEMENT

Barbon has been run by former Cigna UK chief executive Martin Totty since 2013.

He is supported by group finance director Phil Screeton, who joined soon afterwards and commercial director Andy Glynne, who is covering underwriting as well as sales and marketing.

The chair of the company is Alexander Pietruska, a former European head of financial services at the Carlyle Group, which acquired a majority stake in Barbon in 2015.



STRATEGY

Since selling its property and commercial business to AJ Gallagher in May 2013, Barbon has specialised in the expanding private rental sector.

The company provides insurance to letting agents, tenants and landlords through its HomeLet, Letsure and Rentshield Direct brands.

It now claims to be the largest tenant referencing and specialist lettings insurance company in the country.

#49 CLEAR INSURANCE

2017: **n/a**
Chief executive **Howard Lickens**

Brokerage £21.5m

MANAGEMENT

Howard Lickens, who set up Clear in 2001, remains chief executive with Gary O'Donnell as his deputy. Paul Druckman has been chairman since 2005.

STRATEGY

Clear Insurance has broken into the Top 50 for the first time after securing investment from midmarket private equity firm ECI Partners earlier this year. Chief executive Lickens says that the 'significant' investment by Evans Cycles backer ECI will be used to fund further acquisitions. The west London based firm, which now employs more than 200 people, has acquired 24 firms since its establishment. The latest are Genavco Insurance, New Malden-based broker Robert Alexander and John Ansell & Partners. Clear remains a member of the Brokerbility network, the south-east board of which Lickens chairs.

#50 LYCETTS

2017: **50**
Chief executive **Charles Foster**

Brokerage £20.6m

MANAGEMENT

Charles Foster took over as new chief executive of Lycetts last December. Foster, who joined the company in 1991, had spent the last three years in charge of Lycetts' rural division. He replaced Angus Keate, who took on the role of deputy chairman. The company is chaired by Mark Hews, chief executive of insurer Ecclesiastical, which owns Lycetts.

STRATEGY

Farm insurance broker Lycetts has clung onto its place in the Top 50. The Newcastle-headquartered broker, which has specialist rural, equine and private client divisions, has opened a new office in Wiltshire and is looking to deepen its West Country client book by setting up a Bristol outpost. The firm reported a small increase in turnover last year, but a dip in profits, which it put down to investment in IT systems and workforce.

Vital statistics

All the financial data from the UK's Top 50 Brokers

2018	2017	Company Name	Current Year	Brokerage	Brokerage Change	Costs	Investment Income net	EBITDA	EBITDA Growth	EBITDA Margin %	Net Current Assets	Total Debt
1	(1)	Marsh (2, 4)	Dec-17	£1,064,200	6.1%	n/a	n/a	£296,628	28.7%	27.9%	n/a	n/a
2	(2)	JLT Group (6)	Dec-17	£1,058,387	10.7%	£871,312	£7,392	£187,075	47.9%	17.7%	£443,687	£710,098
3	(5)	Aon (1, 2)	Dec-17	£827,790	6.9%	£712,309	£14,837	£112,093	-49.7%	13.5%	£507,844	£-
4	(3)	Arthur J. Gallagher International (1)	Dec-17	£740,565	-2.1%	n/a	n/a	n/a	n/a	N/A	n/a	n/a
5	(4)	Willis	Dec-17	£668,196	-7.4%	£562,380	£-	£116,916	35.7%	17.5%	£543,902	£-
6	(6)	BGL Group	Jun-17	£626,300	7.9%	£505,000	£(22,200)	£147,700	7.3%	23.6%	£(461,500)	£532,200
7	(7)	Hyperion Ins Group	Sep-17	£541,659	24.8%	£518,326	£(44,980)	£140,975	36.6%	26.0%	£133,505	£714,095
8	(8)	Ardonagh Group (2,4)	Dec-17	£535,700	11.3%	£374,200	£(77,400)	£161,500	20.3%	30.1%	£(3,623)	£896,356
9	(9)	Hastings Insurance Services	Dec-17	£335,300	16.2%	£220,400	£100	£114,900	13.5%	34.3%	£28,631	£-
10	(10)	Lockton (4)	Apr-18	£300,639	11.0%	£291,952	£1,077	£49,143	18.9%	16.3%	£20,064	£-
11	(12)	Saga Services	Jan-18	£282,600	1.8%	£152,400	£26	£130,200	-5.7%	46.1%	£(469,800)	£469,200
12	(11)	Swinton Group	Dec-16	£222,688	-16.1%	£220,534	£(550)	£30,679	-30.5%	13.8%	£174,367	£309
13	(16)	Integro Insurance Brokers (2,4)	Dec-17	£158,642	80.4%	£106,030	£7,807	£52,612	71.2%	33.2%	£46,345	£9,704
14	(17)	A-Plan inc Endsleigh (2, 4)	Feb-18	£149,968	75.3%	£112,156	£28	£37,840	26.6%	25.2%	£25,250	£13,207
15	(13)	AA Insurance Services	Jan-18	£133,000	1.5%	n/a	n/a	£79,000	3.9%	59.4%	n/a	£-
16	(14)	Miller	Dec-17	£116,614	-7.9%	£63,900	£191	£55,874	36.1%	47.9%	£36,045	£-
17	(20)	Global Risk Partners (2,4)	Jun-18	£102,400	56.0%	n/a	n/a	n/a	n/a	N/A	£12,463	£87,972
18	(28)	PIB Group (2, 4)	Dec-17	£97,421	94.4%	n/a	n/a	n/a	n/a	N/A	n/a	n/a
19	(19)	BMS Broking Group	Dec-17	£80,974	17.0%	£71,599	£175	£15,083	26.7%	18.6%	£13,042	n/a
20	(15)	Ed Broking	Dec-16	£76,421	-23.3%	£76,178	£(10,672)	£243	-94.5%	0.3%	£27,150	£-
21	(21)	Adrian Flux (4)	Sep-17	£72,000	12.5%	n/a	n/a	n/a	n/a	N/A	n/a	£-
22	(18)	THB Group	Dec-17	£71,600	2.7%	£58,856	£(1,731)	£16,229	0.2%	22.7%	£25,400	£-
23	(22)	Markerstudy	Dec-16	£66,356	5.3%	£62,404	£(1,281)	£6,423	-23.5%	9.7%	n/a	n/a
24	(27)	Aston Scott / Lark Group (2,4)	Dec-17	£56,302	11.9%	£40,969	£72	£15,333	12.6%	27.2%	n/a	n/a

[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 changes in current financial year
[4] Management provided information
[5] Annualised for changed year end
[6] Excludes non general insurance business

Total Liabilities	Shareholders Funds	Goodwill to EBITDA %	Highest Paid Director	Total Directors Emoluments	Employee Numbers	Employee Cost	Average employee cost	Average Employee cost change	Head-count Inc	T/O per employee
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
£2,310,919	£397,705	379.6%	£3,361	£7,255	6,254	n/a	n/a	n/a	1.3%	£169.2
£1,806,243	£1,220,152	0.0%	£4,647	£11,020	3,161	£457,213	£145	18.8%	-0.6%	£261.9
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
£4,393,333	£922,764	0.0%	£3,615	£9,860	3,207	£470,732	£147	0.0%	0.0%	£208.4
£1,119,200	£(357,300)	360.3%	£800	£4,500	3,403	£143,300	£42	5.0%	1.0%	£184.0
£1,466,431	£(125,177)	506.5%	£1,599	£3,641	3,794	£290,240	£76	9.3%	5.8%	£142.8
£1,440,551	£172,571	555.0%	n/a	£9,585	6,196	£279,900	£45	-28.1%	44.4%	£86.5
£311,635	£82,534	0.0%	£500	£1,905	2,339	£71,092	£30	0.0%	0.0%	£143.4
£377,609	£20,253	0.0%	n/a	n/a	2,474	£207,475	£84	5.3%	7.5%	£121.5
£1,420,300	£1,223,500	360.4%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
£124,218	£200,611	1.0%	£505	£1,090	3,090	£95,429	£31	-2.9%	-18.0%	£72.1
£195,062	£58,670	18.4%	£585	£5,067	833	£84,603	£102	16.6%	57.2%	£190.4
£87,556	£54,706	n/a	n/a	n/a	1,912	£33,825	£18	-37.0%	68.2%	£78.4
n/a	n/a	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
£519,149	£138,502	0.0%	N/A	N/A	423	£4,010	£9	-88.8%	-3.4%	£275.7
£156,505	£(8,945)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	£99,238	n/a	n/a	n/a	1,103	n/a	n/a	n/a	65.9%	£88.3
£375,048	£6,249	n/a	£1,494	£4,307	318	£51,712	£163	11.3%	11.4%	£255.0
£130,633	£44,573	0.0%	n/a	n/a	642	£20,840	£32	-23.6%	-0.2%	£119.0
n/a	n/a	n/a	n/a	n/a	1,240	n/a	n/a	n/a	7.8%	£58.1
£141,457	£42,209	0.0%	n/a	n/a	450	£41,866	£93	0.8%	2.3%	£159.1
n/a	n/a	n/a	n/a	n/a	875	n/a	n/a	n/a	0.0%	£75.8
n/a	n/a	n/a	n/a	n/a	634	£29,176	£46	0.2%	5.7%	£88.8

DATA SOURCE: IMAS-insight

[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 changes in current financial year
[4] Management provided information
[5] Annualised for changed year end
[6] Excludes non general insurance business

2018	2017	Company Name	Current Year	Brokerage	Brokerage Change	Costs	Investment Income net	EBITDA	EBITDA Growth	EBITDA Margin %	Net Current Assets	Total Debt
25	(42)	Granite / Acorn Insurance	Dec-17	£53,160	64.0%	£28,007	£(651)	£25,423	94.4%	47.8%	£35,212	£15,428
26	(30)	First Central	Dec-17	£52,658	13.0%	£44,591	£331	£8,391	53.2%	15.9%	£5,640	£-
27	(49)	Broker Network (2, 4)	Dec-17	£52,300	142.6%	n/a	n/a	n/a	n/a	N/A	£(211)	£22,220
28	(32)	Stackhouse Poland (2, 4)	Dec-17	£50,600	19.6%	n/a	n/a	£16,000	18.5%	31.6%	n/a	£45,000
29	(31)	United Insurance Brokers	Dec-17	£50,563	8.7%	£44,620	£579	£7,276	27.1%	14.4%	£36,081	£-
30	(24)	Brightside	Dec-16	£49,389	-16.9%	£54,863	£-	£(2,627)	-79.5%	-5.3%	£5,401	£22,199
31	(29)	Simply Business	Dec-16	£48,004	0.0%	£40,644	£(24)	£8,351	0.0%	17.4%	£15,574	£3,259
32	(35)	Besso Insurance Group	Dec-16	£44,637	18.6%	£39,362	£(312)	£7,076	154.6%	15.9%	£(2,914)	£6,435
33	(36)	RFIB Group	Dec-17	£43,793	22.7%	£45,419	£221	£(976)	-7.0%	-2.2%	£11,284	£-
34	(39)	Berry Palmer & Lyle	Mar-17	£42,126	27.1%	£26,150	£39	£16,491	24.9%	39.1%	£14,446	£-
35	(41)	CFC Underwriting	Sep-17	£41,172	25.8%	£26,735	£-	£15,195	41.4%	36.9%	£3,761	£74,680
36	(37)	Complete Cover	Dec-16	£38,218	11.0%	£36,114	£15	£4,322	-5.7%	11.3%	£(28,977)	£-
37	(34)	MCE Insurance	May-17	£36,195	22.8%	£25,187	£3	£12,757	14.7%	35.2%	£8,278	£-
38	(43)	Nexus Underwriting (2,4)	Dec-17	£35,000	9.5%	£21,900	£-	£13,100	-0.3%	37.4%	£15,332	£25,000
39	(40)	Be Wiser	May-17	£32,746	0.0%	£31,653	£10	£924	0.0%	2.8%	£1,093	£-
40	(45)	Crispin Speers (4)	Mar-18	£31,406	22.2%	£23,284	£20	£8,142	44.4%	25.9%	£20,023	£-
41	(N/A)	Vantage Insurance (2, 4)	Dec-17	£29,400	199.8%	£24,300	£-	£5,400	305.3%	18.4%	£1,215	£1,750
42	(N/A)	iGO4 (4)	Jun-18	£27,229	13.4%	£26,620	£-	£3,969	15.3%	14.6%	£(3,873)	£7,442
43	(N/A)	Bollington (2, 4)	Dec-17	£26,270	106.8%	£18,149	£41	£8,121	353.9%	30.9%	£2,152	£-
44	(46)	Miles Smith (4)	May-18	£23,962	3.6%	£22,090	£(31)	£2,563	-19.5%	10.7%	£6,049	£(947)
45	(N/A)	One Call Insurance Services	Oct-16	£23,043	16.8%	£17,235	£107	£5,872	2935.1%	25.5%	£8,179	£18
46	(N/A)	Right Choice Ins (4)	Dec-16	£22,889	21.2%	£14,566	£9	£8,899	10.4%	38.9%	£1,665	£-
47	(48)	Alan Boswell Group (2, 4)	Mar-18	£22,245	17.8%	£19,027	£73	£4,646	-42.4%	20.9%	£2,873	£-
48	(49)	Barbon Insurance	Dec-17	£21,843	15.7%	£18,998	£-	£6,052	-25.0%	27.7%	£10,205	£-
49	(N/A)	Clear Insurance (4)	Oct-17	£21,500	52.9%	£16,192	£-	£5,308	130.5%	24.7%	£(2,512)	£5,781
50	(50)	Lycetts	Dec-17	£20,567	3.4%	£19,590	£(90)	£1,973	-32.6%	9.6%	£7,598	£-

Total Liabilities	Share-holders Funds	Goodwill to EBITDA %	Highest Paid Director	Total Directors Emoluments	Employee Numbers	Employee Cost	Average employee cost	Average Employee cost change	Head-count Inc	T/O per employee
£77,052	£22,613	60.7%	£134	£277	558	£15,724	£28	1.4%	31.9%	£95.3
£162,425	£10,818	0.0%	£343	£1,086	664	£25,507	£38	6.9%	4.6%	£79.3
£51,183	£13,130	n/a	n/a	n/a	570	n/a	n/a	n/a	146.8%	£91.8
n/a	n/a	281.3%	n/a	n/a	500	n/a	n/a	n/a	25.0%	£101.2
£17,726	£36,343	n/a	£263	£1,236	530	£31,114	£59	1.2%	7.9%	£95.4
£41,241	£57,257	n/a	£415	£1,640	696	£20,937	£30	-6.1%	-18.9%	£71.0
£19,910	£20,035	39.0%	£396	£1,078	340	£16,106	£47	0.0%	0.0%	£141.2
£33,070	£4,549	90.9%	£339	£642	233	£20,712	£89	5.9%	7.4%	£191.6
£24,850	£4,452	n/a	£396	£1,210	202	£22,921	£113	18.7%	-12.2%	£216.8
£13,412	£11,867	0.0%	£1,115	£7,542	79	£20,165	£255	17.7%	9.7%	£533.2
£147,168	£141,830	491.5%	£534	£24,841	197	£17,790	£90	-5.4%	28.8%	£209.0
£93,611	£(39,337)	0.0%	£250	£489	477	£14,624	£31	0.0%	0.0%	£80.1
£35,763	£10,842	n/a	£167	£646	314	£7,705	£25	6.5%	17.6%	£115.3
£55,503	£20,665	190.8%	£326	£1,080	125	£11,731	£94	-1.3%	30.2%	£280.0
£14,643	£1,603	n/a	£339	£1,372	620	£12,992	£21	0.0%	0.0%	£52.8
n/a	£21,462	0.0%	n/a	n/a	381	n/a	n/a	n/a	10.8%	£82.4
£11,139	£1,362	32.4%	n/a	n/a	378	£11,927	£32	-20.6%	246.8%	£77.8
£20,583	£429	n/a	£193	£376	355	£10,285	£29	17.2%	-1.9%	£76.7
£68,230	£634	n/a	£286	£781	383	£11,890	£31	n/a	128.0%	£68.6
£(74,421)	£7,472	-37.0%	£422	£1,427	215	£14,815	£69	5.1%	1.9%	£111.5
£27,594	£8,470	0.3%	£111	£502	402	£8,627	£21	8.5%	10.7%	£57.3
£11,847	£3,400	0.0%	£176	£276	285	£6,820	£24	-4.2%	25.6%	£80.3
£20,558	£12,141	0.0%	£-	£597	322	£13,705	£43	70.4%	41.9%	£69.1
£7,135	£24,269	0.0%	£264	£616	372	£10,302	£28	10.9%	63.9%	£58.7
£31,239	£6,131	108.9%	£228	£475	200	n/a	n/a	n/a	36.1%	£107.5
£19,705	£5,200	0.0%	£269	£304	257	£12,749	£50	1.5%	5.3%	£80.0

DATA SOURCE: IMAS-insight

imas

Better Informed
Better Advice

Unrivalled expertise in financial services M&A

Selected recent insurance sector transactions

Advice to WWGROUP / ONLINE RISK SOLUTIONS LTD on their sale to pib — June 2018	Advice to fresh! Insurance Group on its sale to NSM Insurance Group — May 2018	IMAS initiated the acquisition of HONOUR POINT LIMITED by SP — April 2018
Advice to Morton Michel (The Childcare Insurance Specialist) on its sale to pib — September 2017	Advice to AQUILA UNDERWRITING on the sale of Vectura Underwriting to THE NEXUS GROUP — June 2017	Advice to HOLMAN'S (Since 1832) on its sale to carroll LONDON MARKETS — April 2016
Advice to Croton Stokes Wilson Holden on its sale to INTEGRO — March 2016	Advice to LOREGA on the management buy-out of the company funded by Alcuin — February 2016	Advice to LONHAM GROUP LTD incorporating Lonham Marine Underwriters and Lonham Claims & Recovery Bureau on its sale to Chaucer — December 2015

IMAS Corporate Finance LLP
www.imas.uk.com
10 Philpot Lane, London EC3M 8AA
+44 (0)20 7444 4399
For more information please contact:
Olly Laughton-Scott – ols@imas.uk.com
James Simpson - jrs@imas.uk.com

imas TOKIO MARINE HCC

Top50 Brokers 2018

Your exit strategy is key in determining your development strategy

Olly Laughton-Scott takes an in-depth look at the drivers of broking and MGA mergers and acquisitions

Olly Laughton-Scott is founding partner at mergers and acquisitions (M&A) specialist IMAS. He is a qualified accountant with 25 years' experience in M&A across financial services

We often get asked to talk to people about their development strategy – in particular, acquisitions – and we are delighted to do this. They arrive armed with questions about valuation and multiples, potential targets, offers of funding from various sources and a determination to have something done in the next three months. Our first question however is typically, "what is your exit strategy?" More often than not they don't have an answer and are perplexed by the question.

Most buyers are looking to enhance their own value by making acquisitions but very often they have not thought through what this really means. In most cases, value is what the business can be sold for, and hence their focus should be on what will make the business more attractive to a buyer. Lack of awareness of this means businesses can often make acquisitions that ultimately reduce value.

We always say we don't sell businesses but find buyers who want to buy the businesses we are selling. Businesses sell for a premium if they solve a need/problem for a buyer and for a discount if they bring problems. It is also important to remember that in an auction you never discover what the bidder was ultimately willing to pay, just what the limit of the underbidder was. When thinking about your exit, it is critical to have competitive tension: ideally two interested parties, so you can play them off against each other.

Profitability has always been important in valuations, but this is truer today than ever before

Solving issues for a buyer

An acquisition may be attractive to you, but not the buyer of your business when you come to sell. Focus on the issue you are likely to be solving for the buyer. A larger company may want to achieve growth by acquisition but will not want to buy a business with numerous small offices. If you can't rationalise your own offices you may run the risk of reducing value. A wholesaler may be keen to buy another wholesaler but if the target has a retail operation then the buyer may struggle with that potential conflict.

Our job is to get our clients the best deal and we are often compared to estate agents. People assume that this is a comparison that we would be unhappy with. But estate agents have a developed sense of what adds value to a property and what does not. Swimming pools in the UK typically impair the value of a property, although 2018 may be the exception to this. Even if the prospective buyer wants the pool he probably knows he will not have to pay for it as the likelihood is that the competing bidder sees it as an expensive overhead.

We talk to owners who are keen to acquire to diversify their business and hence reduce its operational risk. However, most potential buyers will already be carrying on a broad range of activities; they will value specialism and capability, not a general spread of activities which overlap with existing parts of their business and hence introduce conflicts and additional rationalisation work/risk.

Before a private equity investor will buy a business, they carry out a formal exit review to establish who is likely to buy the business when they exit and why. Not only will this determine if they make their investment but will also shape the development/acquisition strategy.

Owners of businesses typically talk to us when they are thinking of selling. They should talk to us well before that especially if they are thinking about buying or contemplating major changes to avoid taking a "bath".

Profit over turnover

And whilst it may sound obvious, we continue to drum home the importance of profit over turnover. If a business is only making 10% margin then an acquirer making 20% will always be able to pay more for a acquisition target as it will have superior cashflow and better ability to raise the margin of the target and therefore see greater value in the deal.

Profitability has always been important in valuations, but this is truer today than ever before. Firstly, many of the buyers are private equity-backed and in this world there is no sentimental attachment to size. They are about margins and cashflow as this is what drives value. Smaller brokers have also been able to get better terms from insurers, decreasing the uplift that consolidators could achieve. It has not gone away but is far less significant. This change may have in part been driven by a realisation by insurers that in disadvantaging the smaller broker they were driving the consolidation that they so disliked.

So central to every acquisition strategy should be the drive to increase margins, both before and after an acquisition.

Strategy is a long-term game whether it be focused on development or exit. Successful business leaders have the confidence to talk to us about their plans and in doing so gain insights into the likely demand and act accordingly.

Underwriting experts providing **exceptional service** and **flexible policies**

With deep expertise in our chosen lines of business, our unparalleled track record and a solid balance sheet, Tokio Marine HCC evaluates and manages risk to a level that is amongst the strongest in the market.

Our financial strength of AA- by Standard & Poor's means we are considered amongst the most reliable and stable insurers in the market. Find out more at our website tmhcc.com

TOKIO MARINE HCC

Mind over risk

A member of the Tokio Marine HCC group of companies