



- Aon's USD 13.4 billion acquisition of NFP is the largest deal ever announced in the global insurance broking sector

- the transaction promises to reinforce Aon's position in its core markets and to bolster it in secondary markets

- by total broking revenues, Aon will continue to be ranked second globally and comfortably head of the chasing pack

London, 21st December 2023

Analysis from Insuramøre indicates that Aon's acquisition of NFP, announced on 20th December 2023, will have a significant effect on the structure of the insurance broking sector. According to its global rankings of insurance broking and MGA / MGU groups, which were last updated earlier in 2023 with data for 2022, NFP is a notable competitor across all broking segments with a worldwide ranking as high as seventh for employee benefits activity plus life and health insurance retail broking, 12th for reinsurance broking, 18th for commercial P&C retail broking, 35th for private P&C retail broking, and 14th across all forms of broking combined.

As such, using the data collected for 2022, the acquisition of NFP has the following impacts on Aon's positioning in the insurance broking sector:

- for total broking activity, its global market share would move up from 7.6% to 8.8% and it would remain in second place behind Marsh McLennan;
- for commercial P&C retail broking business, its global market share would advance from 8.9% to 9.7% and it would also remain in second place behind Marsh McLennan in this field;
- for private P&C retail broking business, its global market share would surge from 1.0% to 1.7% and it would rise from 22nd to ninth position in a comparatively fragmented segment;
- for employee benefits activity plus life and health insurance retail broking, its global market share would increase from 6.4% to 8.5% and it would remain in third place behind WTW and Marsh McLennan;
- for reinsurance broking business, it would continue to be ranked first worldwide with a global market share edging up from an already dominant 30.8% to 31.8%.

As for wholesale broking and MGA / MGU / cover-holder activity, these are segments in which both Aon and NFP appeared lower down the worldwide rankings in 2022. However, the combination of the two organizations would see them rise to a ranking of around 15th in the former segment with a global market share of 1.5% and to a ranking of around tenth in the latter segment with a global market share of approximately 1.7%.

Overall, these movements show how the transaction promises to reinforce Aon's position in its core markets and to bolster it in markets in which it is less influential as part of the largest deal ever announced in the global insurance broking sector (at well over twice the value of Marsh McLennan's acquisition of Jardine Lloyd Thompson in 2018/19 and not counting the aborted merger of Aon with WTW). Indeed, in its core segments, the deal will keep Aon comfortably ahead of a chasing pack of fast-growing competitors which include Acrisure, Alliant, Gallagher, HUB and Lockton, among many others.

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Notes to editors:

Insuramore is a provider of marketing services and related consultancy with a primary focus on the insurance sector. Its positioning stems not only from the broad range of services (see www.insuramore.com/services) that it offers and its worldwide coverage but also from its deep understanding of all types of insurance spanning life, health and P&C (non-life) insurance, whether bought by individual consumers, commercial enterprises, the public sector or not-for-profit entities, plus related services such as assistance and warranties. Insuramore's insurance provider rankings (see www.insuramore.com/rankings) provide original and unrivalled insights into carrier (underwriter), broker, MGA / MGU / cover-holder and marketplace groups around the world. The full list of insurance types about which Insuramore can provide data, research and consulting services at an international level can be seen at the www.insuramore.com/insurance-types page.

Definition of insurance broking revenues

Insurance broking revenues are defined as fees and commissions earned from any kind of insurance (or reinsurance) wherein the intermediary (brokerage / independent agency) acts in an advisory capacity for its customers and places risks with all or a broad range of carriers / underwriters in the relevant market either directly (on a retail basis) or indirectly via other intermediaries (on a wholesale basis). Fees earned from alternative risk transfer (ART) activity such as the placement of risks with a captive carrier / underwriter, risk retention group (RRG) or insurance pool, or into an insurance-related security, are also classified here as insurance broking revenues, as are fees intrinsically related to core broking activity such as those earned from safety / risk / crisis management consulting, claims advocacy / claims management, premium finance, employee benefits / health / pensions / wellness consulting, associated data / actuarial analytics etc.

Fees and commissions earned from activity wherein the intermediary acts as a tied agent for a single (non-captive) carrier / underwriter or places risks with a limited panel of (non-captive) carriers / underwriters are NOT classified here as insurance broking.

Fees and commissions earned from underwriting activity by managing general agents (MGAs), managing general underwriters (MGUs), cover-holders with binding authority (i.e. where risks are not retained) are also NOT classified here as insurance broking revenues.

Likewise, revenues earned from ancillary services that are not intrinsically related to insurance broking (as defined above) are also NOT classified here as insurance broking. Varies, and depending on the breadth of activities of the intermediary, these ancillary services may include general human resources (HR) and compensation consulting / communication / administration, workforce absence management consulting, general management consulting, capital advisory services for insurance-related investments, other professional services (e.g. audit, compliance, deal advisory, tax etc.), financial advisory services for individual customers concerning investments / pensions / retirement savings / wealth management, estate planning, online price comparisons for insurance / other services (i.e. aggregation), and premium finance (where not intrinsically related to the intermediary's core broking activity).

Captive brokers that focus mainly on arranging insurance for their parent organizations (and their suppliers) are excluded from the analysis; these are present in a few specific countries such as Germany and Japan.

Definition of commercial P&C insurance retail broking revenues

Broking revenues (as defined above) derived from property and casualty (non-life) insurance acquired directly or via affinity partners (i.e. on a retail basis) by business enterprises (including the self-employed), the public sector and not-for-profit entities comprising commercial auto (motor), liability (e.g. D&O, professional) and property insurance plus other commercial lines cover including (but not limited to) business interruption, commercial cyber, group accident (but not health), legal protection, MAT (marine, aviation and transport), surety, trade credit and workers' compensation insurance.

Definition of private P&C insurance retail broking revenues

Broking revenues (as defined above) derived from property and casualty (non-life) insurance acquired directly or via affinity partners (i.e. on a retail basis) by private individuals (but NOT by the self-employed for their own business activity) comprising auto (motor) and home insurance plus other personal lines cover including (but not limited to) boat / yacht, extended service contract / warranty, legal protection, personal accident (but not health), pet, private cyber / liability, travel and unemployment insurance.

Definition of employee benefits activity plus life and health insurance retail broking revenues

Broking revenues (as defined above) derived from independent arrangement of and advice / consulting in relation to employee and executive benefits programs (comprising both core and voluntary group benefits and including employee retirement / pension schemes), plus broking (as defined on the following two pages) of protection-related life and / or health insurance (including dental and vision cover plus creditor / loan-related policies) acquired directly or via affinity partners (i.e. on a retail basis) by any kind of customer either on a group or individual basis.

Definition of reinsurance broking revenues

Broking revenues (as defined above) derived from reinsurance (including retrocession).

Definition of wholesale broking revenues

Broking revenues (as defined above) derived from any kind of insurance (or employee benefit) wherein the broker acts as an intermediary between carriers / underwriters and retail brokers / independent agencies other than affinity partners.

Definition of MGA / MGU / cover-holder revenues

MGA (managing general agency), MGU (managing general underwriter) and cover-holder revenues are defined as fees and commissions earned from underwriting / program administration (and related activities) by entities with the authority to underwrite or bind insurance (or reinsurance) risk in any class and that do this exclusively or mainly on behalf of unaffiliated carrier partners. Such entities that are insurer-owned and that are believed to place risks exclusively or mainly with parent or sister underwriters (i.e. affiliated entities) are excluded from the analysis. Revenues from wholesale or other broking / agency activities that do not meet this definition of MGA, MGU or cover-holder business are also not in scope. However, MGA, MGU and cover-holder groups that have set up their own underwriters remain in scope unless they can be said to place risks exclusively or mainly with those underwriters.