



British Insurance Brokers Association Conference
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Manchester, England

Thank you. It's a privilege to be here in Manchester with you for this gathering of professionals in our industry.

As I was working on my remarks this past week end, I turned to my wife, Mamie, and asked her how many great speakers she thought there were in the world. She thought about it for a second and in a way only she can do said, "one less than you may think, Greg."

So I offer the following comments humbly and with what I believe to be some good news for an industry which faces many challenges – those faced by our clients and those that have been faced by our industry.

It is also exciting for me to be at the home city of Manchester United. It was great to see last Sunday as the club took a big step toward their record-setting 19th Premier League Championship but have to admit I marvel at all the teams and their accomplishments.

It has still taken some getting used to for me. You may be able to tell by my accent that I grew up with a different type

of football. I was raised watching people kick around an oblong football versus the round ball that our friends at Manchester United handle so well. But when you are fortunate enough to walk on the pitch at Old Trafford and talk to the people who work there, when you have had a chance to interact with David Gill, Sir Alex Ferguson, and with some of the players, you can totally understand why those 76,000 loyal fans fill Old Trafford for every game and demonstrate such loyalty and passion. More importantly you can understand why all the teams – why every part of the world has such passion about the game.

Now David and Sir Alex have not revealed to me their plan for defeating Barcelona later this month, but that doesn't keep me from "sleeping like a baby." That is...I go to bed and wake up every two hours to cry...

Football and insurance are two of the largest global exports for this economy and here we sit, at ground zero for both. Think for a moment that football more than rivals Hollywood in the value it creates globally and the center of the football universe is a geography no bigger than Hollywood.



The Manchester United brand is the most-watched team in the world. There are more Manchester United shirts sold over the course of a year than the entire 32 teams in the US National Football League. Within one year they have developed the fastest growing page on Face-book of any sports team on the planet with over 500,000 fans per month choosing to engage with the club in social media.

I continue to receive remarkable feedback from my colleagues around the world, even those who wear the jerseys of other teams, that Manchester United could not be a better partner and that our partnership puts us squarely in the middle of an important and global game.

As I mentioed before, beyond being a meca for football, this is also the meca for risk and insurance.

As you all know well, our clients' challenges globally have never been greater

Everywhere we look, the magnitude, complexity and scrutiny of risk are going up. Are clients telling us they really aren't worried about risk anymore? Are clients saying, "We don't need you. We've pretty well got this risk thing



figured out”? No. Of course not...All the traditional risks remain and are growing (property, casualty, D@O) as are all of the evolving risks (global warming, sustainability, pandemic, identity theft, cyber risk).

Risk is increasing. Business challenges are bigger than ever. The obstacles to achieving business objectives and seizing opportunities for growth are both more numerous and more complex.

For example, the top three risks cited in Aon’s recent Global Risk Management Survey were:

Economic slowdown. Think about that for a moment. Most of us would probably agree that the global recession that began in 2008 has bottomed out, yet economic conditions continue to challenge businesses around the world.

Regulatory/legislative changes. There’s no doubt that our clients are facing a tough environment when it comes to regulation and legislation.

Increasing competition. As if economic headwinds weren't enough of a challenge, clients everywhere are seeing an uptick in competitive pressures.

Natural catastrophes, for example, may or may not be increasing in frequency, but certainly their severity is felt in global supply chains. Take the recent tragedy in Japan, for instance. Industries around the world have been affected by the earthquake and tsunami in Japan. Some clients are just beginning to feel the effects of it in their businesses, but make no mistake, we live in a very interconnected world. Events that occur on the other side of the planet can create disruptions and challenges for our clients that they cannot always foresee.

Even without the great uncertainty caused by catastrophes, our clients are operating in a very challenging environment. Not just here in the U.K. but everywhere around the world.

Volatility is in every market. Protecting people and property has become more difficult. Developing and



retaining talent are increasingly hard for businesses to do. Governance and litigation also impact our clients too.

It's certainly not easy out there. But we have the ability to help our clients. That is why I believe that we have such a tremendous opportunity as risk advisers.

Clients need knowledgeable advisers to help them understand and manage risks – to protect against the downside and empower possibility.

In a very real way, ladies and gentlemen, we help our clients to realize their goals and seize opportunity. We help our clients to take risks that can result in growth and have a significant impact on customers, employees and communities.

So that's really what you are already doing...that's what you encounter every day. Certainly explains why some of you, like me may also be "sleeping like a baby."

Insurance and risk management enable the global economy to function. That is a noble and privileged role, and we should be proud that we help make it happen.



Look around the room and think about the hundreds of leaders all around you today. This group of 2,000 can have as much impact on the global economy as any group of 2,000 people in the world. Huge responsibility and a huge opportunity...

The role of brokers is historically important

Brokers have played a key role in insurance for centuries, especially here in the U.K. The London market is literally the crossroads for insurance and reinsurance that facilitates commerce in both hemispheres.

I'm sure many of you here knew or at least knew of Andrew Beazley, the longtime leader at Lloyd's who co-founded Beazley Group. Andrew was a widely admired friend in our industry who sadly passed away last year. He referred to London as the Vauxhall (vawks-hall) Cross of the insurance world.

As one of the busiest interchanges in the world, where trains, the Tube and buses converge from all over as a gateway into London – that's a pretty good metaphor for the insurance marketplace. Risks from every corner of the



globe continue to find their way to London and to Lloyd's. By the way, how do those risks get there? Don't worry, this is not a trick question! Seriously, how do risks in Asia, Latin America, Africa, North America and Europe get to underwriters in London?

It is because of all of you. It is because brokers bring them there. Brokers enable clients around the world to find a home for their biggest challenges. And it's important to Aon's clients. About 18 percent of Lloyd's global premium is placed by Aon around the world. Our clients value the insurance expertise that resides here.

London and indeed the entire U.K. are truly the world's ultimate "broker market". No insurance brokerage that wants to be considered international can operate without having access here.

Syndication of risk in a market like Lloyd's just does not happen without the hard work of brokers, presenting risk to

multiple underwriters to complete coverage slips. It is brokers' strength of relationships, knowledge of the marketplace and ability to advocate for clients that result in



solutions. It's truly a privileged position for us to be in as brokers.

When client need arises, intermediaries come to the rescue

Brokers are sometimes more than just trusted advisers for our clients. If we look at the recent past, there are numerous examples of how brokers partnered with insurance carriers and investors to ensure that clients have access to capital.

As you all know, capital in the insurance industry ebbs and flows, and prices tend to soften and harden along with those changes. Catastrophes are drivers of cyclicity in the global insurance marketplace. That's especially true for property risks in cat-exposed areas.

The last couple of years have seen some pretty substantial catastrophes. From earthquakes in New

Zealand, Chile and Japan to floods in Australia to a record outbreak of tornadoes in the United States recently, insurers and reinsurers have borne some heavy losses.



The cyclical insurance market creates problems for our clients, and often it falls to us as brokers to try to help smooth out those cycles. Occasionally, events lead to sharp reductions in available capacity. We have seen that happen at various times across many lines of business: property cat, excess liability, D&O, professional liability.

Almost every decade has presented challenges at different times for clients in obtaining adequate insurance capacity.

Whether it was the liability insurance crisis of the mid-1980s, the contraction in property cat limits in the '90s, or the need for terrorism risk insurance following Sept. 11, brokers have shown creativity in developing solutions and have served as advocates both for clients and the industry.

Not only have brokers helped launch new sources of secure insurance and reinsurance capital, but we also have helped start-up carriers to reach buyers with their

solutions. Brokers have had an important role both in creating and sustaining new sources of capital for our industry.

And I have no doubt that clients will continue to need help to access capital, and brokers will continue to help clients find markets when that need arises.

<future of industry...>

Future of the insurance industry

I think all of us would agree that business cannot function without insurance, without a mechanism to transfer risk. But it also is fair to say that business cannot function without risk management. It's hard to believe now but not long ago, observers of the insurance industry argued that technology innovations would make intermediaries obsolete.

The notion of disintermediation was widely discussed in the 1990s – carriers would be able to bind risks electronically with information supplied from policyholders

and there would be no need for an intermediary, which just added cost to the system. The demise of brokers was forecast and, in my humble belief, fortunately greatly exaggerated.



Ultimately, the theory of disintermediation was disproved. Fast-forward to today and we see that good intermediaries are flourishing. Brokers with specialized expertise are providing valuable services to clients, especially in commercial lines.

It is true that some carriers have been highly successful writing certain personal lines directly, without agents or brokers. But most carriers have strongly affirmed the value that brokers bring to the industry – as a distribution channel, as thought partners in serving policyholders and as advisers to help clients improve their risk profiles. Brokers are important to both the insurer as well as the insured.

It is my strong belief that the future of insurance brokers is bright. Our services and expertise are needed more than ever. But I would add that there are some conditions on

that. We can't be complacent. We must take steps to ensure that we remain important partners for clients and carriers.



Ensuring our future as brokers is critical and in our hands

The steps all brokers must take to ensure our future are simple, clear and, when executed, very compelling.

Principle 1: Remain client-focused. Client focus is paramount to what we do every day. If we are not taking the time to listen to and understand our clients' needs, we can't provide the best advice and truly serve those needs.

Principle 2: Provide a long-term perspective. The most valuable advice improves the client's position for the long term. As advisers, we have insights from interactions with clients across industries. That broadens our scope and gives us depth of experience that can help clients to make informed decisions and achieve a better outcome.

Principle 3: Invest in innovation. While brokers have existed for centuries, we have continued to exist because of the value we bring to clients and carriers. Therefore, another key to our future success is to keep innovating. Doing so will benefit clients as well as carriers, but let's be clear: it requires continuous investment. That is not easy,



but it's an important commitment to enhancing our value to clients.

The principles are easy to describe but hard to execute. But we must do so to support our clients and to strengthen our position.

It's quite simple: if we do not provide value to clients, we can't succeed. If clients do not find value in our advice and our services, we will cease to exist. Our opportunity is to become even more valuable advisers, because the world needs our expertise to manage difficult challenges.

Let's stay focused on clients, offer informed perspectives and keep innovating to benefit our clients.

Given where we are today, I think it only appropriate that I end with a famous quote by the famous manager of Manchester United, Sir Matt Busby, when he said: "At United, we strive for perfection. And if we fail, then we might just have to settle for excellence."



If we heed these famous words in our business dealings every day, then I truly believe that our clients and colleagues will be very well served.

Thank you very much for allowing me to be with you today, and I will be happy to try and answer your questions.