

Interview: Dominic Christian: Ready to rumble

10.21.14

Post magazine

Aon UK CEO Dominic Christian tells Post the firm's imminent move to the UK is a statement of intent, and outlines his targets for growth in the SME arena



The bout between the world's broking heavyweights to top the bill in the UK has rarely been so keenly contested – with a resurgent economy, an established market and an abundance of talent serving to motivate global brokers to reach their optimum fighting weight.

In the red corner, Aon UK CEO Dominic Christian is confident his firm is capable of delivering a knockout blow to market rivals in a bid to build on its strong position in the UK.

As Christian glances out of the window of his old Aon Benfield base across the road from the City's latest architectural wonder – the Cheesegrater building – he is reminded of the commitment to the insurance industry bestowed on London and beyond by the Aon hierarchy.

By July next year the view from Christian's office will most likely include more recognisable London landmarks – not least the iconic Lloyd's building – as the broking giant takes up residence at 122 Leadenhall Street following the strategic decision to relocate its headquarters from its spiritual home in Chicago.

It is a decision Aon's UK boss describes as both "intelligent" and "courageous", and one he believes will serve as a springboard for future growth in both the UK and other valuable international markets.

On the relocation of the broker's global HQ, Christian says: "It demonstrates a tremendous confidence in the UK market, not just London. It also shows tremendous confidence in the UK economy and the future of insurance activity in the country – but most of all it shows a tremendous confidence in Aon itself.

"If you think about a business born in another part of the world, moving to the UK is a very intelligent decision but also a very courageous one. Clearly the move shows this industry will continue to be successful, and it also demonstrates a strategic approach – it is easier to be based in London for our [international] strategies in than it is in certain other cities – so the decision is not just based on the UK but rather a strategic approach to our overall endeavour."

Christian puts great store by the UK talent pool – not just that which exists within the London bubble – and this is evidenced by recent efforts from his team to focus on expertise across the regions. When asked how Aon stacks up against its direct competitors in this regard, he offers a bullish response: "Of all of the global organisations, few could have shown more confidence in the UK than Aon.

"One of the principle reasons we [relocated to London] was because of the talent of the London market as well as the national talent in the rest of the UK. That intrigues us in terms of how we harness that talent."

Of Aon's two main global broking rivals – Willis and Marsh – the former, which moved its corporate head office to London in 2008, recently completed a consultation on relocation and redundancies concerning around 200 UK staff, as it sought to lower its cost base with a view to securing a more efficient and client-centric organisation.

Meanwhile, Marsh's move to acquire Scottish commercial broker Central Insurance Services at the turn of the year coincided with the firm appointing its first managing director for the country.



Developments at both brokers were attributed to the UK's improved economic performance, particularly when compared with the rest of the Eurozone – and, equally, Aon has wasted no time in restructuring its UK operation within its retail business, Aon Risk Solutions. This is a move Christian claims was made in a bid to remain “local and relevant”.

The restructure, which has been billed as a focused approach to the firm's UK growth strategy, sees the business consolidate into four key regional areas: Scotland and North East England; North West England, the Midlands and East Anglia; South East England; and South West England.

Christian is well versed in the importance of delivering the personal touch on a local basis – having spent his formative years in the mid-1980s at specialist broker JK Buckenham – but the local touch is not always considered as complementing the dealings of the world's biggest brokers.

He says: “While we're a big firm, the relationship with clients has to be personal. I came from a very small broker and I understand how important it is to align a big-firm advantage with a local, personal approach – and that's what we want to do all the time.”

When it comes to clients, Aon has a reputation of predominantly mixing with the big-hitters. However, the broker's UK boss is not averse to dropping down through

the weight divisions if the right opportunities arise. In fact, Christian claims proactive risk awareness, understanding of risk and the ability to provide expert advice to aid growth continue to top the list of demands from clients of all shapes and sizes.

SME growth

The nature of this client culture is at the forefront of Christian's thought process as he seeks growth in the SME arena. He explains: “The questions are very similar wherever that client is based or whatever the client's size is.

“We are in the SME space and we want to grow in it. It's very important to be local and relevant – it helps so much in terms of client understanding if you're near to them. We've got 23 offices in the UK, which suggests we are going to target the SME space. A big challenge is [working out how] to best serve our SME clients in a way that is cost-efficient for them.”

Of the three businesses on Christian's radar – ARS, the global broking centre and Aon Benfield – it is the retail arm headed up by Jim Herbert, touted as being the most likely to deliver a knockout acquisition in the not-too-distant future.

He says: “We have a retail business with many features to it – affinity and SME to name but two – but that business also has a great desire to hire and acquire businesses.”

With headline broking acquisitions in the UK being largely the preserve of Arthur J Gallagher International of late, Christian bristles at the suggestion that big-money deals for the likes of Giles and Oval puts pressure on Aon to tie up some eyebrow-raising purchases of its own.

“The fact that Gallagher, or any other broker, is acquiring businesses isn’t a factor for us to start thinking ‘we need to make some acquisitions’,” he says. “We have a very clear plan: if we see a business where we fundamentally believe the people will enjoy our world, then we’ve got the funds and commitment.

“We’ve done a deal for Lorica this year, so clearly health and benefits interests us, but that’s not to say we’re not targeting a whole range of approaches – particularly in the regions around networks and so forth.”

Market speculation suggests Towergate’s debt mountain and recent underwhelming financial results makes a trade sale a matter of ‘when’ rather than ‘if’, while it has also been rumoured the consolidator’s private equity backer Advent will look to take advantage of acquisitive interest from the likes of Marsh and Aon.

Five words to describe himself



Despite remaining tight-lipped on the identity of specific targets, Christian confirms that scale is no barrier when it comes to completing acquisitions. He says: “Nobody has a bigger commitment to this country as a broker than Aon – we’ve evidenced that. We have the investment to do what we want, when we want.

“I don’t mean this arrogantly but, when you’re Aon, most businesses that are thinking of selling will probably speak to you. The most acquisitive broker in the world, and in this market, has been Aon. We’ve made 447 acquisitions since 1987 and 181 since 2004.

“Scale isn’t an issue. If our leaders believe there is the cultural congruency to make an acquisition then it will happen. We are interested in the UK and we have a history of acquisitions here more so than anybody else – albeit

others have been more active recently.”

On the possibility of tying up a significant deal in the short term, Christian adds: “We’re not saying we are about to jump all over a particular organisation right this second, but it is certainly something we would entertain if the cultures were correct. We keep a close watch on the UK insurance market so we equally keep a close watch on what particular organisations might be thinking.”

Global broking centre

Turning his attention to other areas of the Aon UK operation, Christian touches on the challenges encountered by the London-driven global broking centre, which typically deals with large risks emanating from a network of hundreds of businesses around the world.

He explains: “That business is led by Karl Hennessy, and it needs to prove each and every time that it is providing value – despite the fact it isn’t directly client-facing. Of course, the principle value is actually understanding the variety and volume of business they handle, and which firms to place those businesses with.”

Before ascending to the Aon UK hotseat in September last year, Christian held the position of co-CEO of Aon Benfield alongside Mike Bungert and, having since taken on the role of executive chairman of Aon Benfield International, that business clearly remains close to his heart.

“Reinsurance is a very big business for us, we have a massive market share, so it is unlikely you will see us acquiring a reinsurance broker,” he says. “All three businesses [ARS, the global broking centre and Aon Benfield] ensure we have the solidity to be there in dislocation. The biggest thing the reinsurance business has achieved is the collection of claims from the Japanese earthquake, the New Zealand earthquake, the Thai floods and the Australian floods – that is literally billions of dollars.”



Looking to muscle in on Aon's reinsurance market share is Christian's former Benfield sparring partner Grahame Chilton, who partnered with Gallagher last December to launch challenger brand Capsicum Re.

When pressed on Chilton's apparent decision to ignore the possibility of teaming up with the company he departed in 2012 in favour of bolstering a potential rival, Christian brushes aside suggestions he had been dealt a low blow by the man he affectionately refers to as 'Chily'.

He says: “We are good pals, but of course it was a surprise [when Chilton launched Capsicum Re]. I think very highly of Chily and I always will. I wish him well – although not at our expense. Our models are completely different in terms of the sustainability of clients in terms of their time and their needs – his model is more immediate.”

Youth development

Moving away from his specific business interests, Christian is a passionate advocate for the development of youth across the sector and presides over well-established graduate and apprenticeship schemes at Aon.

He accepts the industry has come a long way since his first job at Lloyd's as a non-conformist 24-year-old fresh from three years hitchhiking around Europe. He explains: “After university, much to my parents' despair, I spent two or three years travelling around with a rucksack. At the time I could never imagine myself wearing a suit, let alone working in financial services.

“I came back and two friends of mine moved to London and I ended up sharing a flat with them. They were both investment bankers and I was working in a wine bar. During that time two opportunities came up; one was to go into stockbroking, but more interesting was the opportunity at Lloyd's of London.

“When I started there wasn't much a 24-year-old could teach a 54-year-old – but now when I see my 20-year-old reverse mentor, the amount I learn from him is far greater than the amount he learns from me. When I started it was all about property, property, property. For him and his generation, data [and cyber] is the most interesting area.”

For Christian, the development of young talent is an obvious solution to evolving risks thrown up by widespread digitalisation. “We can future-proof this business and – we think – future-proof the industry,” he concludes. “What I mean by that is the investment we're making is around our people, particularly generation Y.

“Many of the prospects around growing the industry revolve around products that are embryonic in their development, such as cyber. It's the challenge of ensuring some of the more complex products are brought to the corporate market in an effective way.

“If we take the last truly new product that has significant insurance premium attached to it, it's probably [directors' and officers'] insurance, which is some time ago now. You would imagine cyber as the next form of large-scale insurance premium opportunity.”

It is through harnessing a digitally savvy young generation, utilising experienced Aon campaigners in mature markets and snapping up desirable businesses that Christian aims to stake Aon's claim as the undisputed champion of the UK broking market.