Reactions

Contingents are back, "turbo-charged"

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"It goes in waves. Contingents are coming back, and of course there's no transparency there," says Fox.

On the contradictory statements from Willis on the broker's policy on contingent commissions over the past year, he sighs that the picture is far from clear. "They've gone back and forth," says Fox.

He points to the GRIP and Connect projects, at Aon and Marsh respectively, as the latest incarnations of opaque fee structures within the big brokers. "They've turbo-charged contingent commissions," says Fox.

On the big brokers' expansion into other areas, such as traditional investment banking activities, he suggests some of their efforts have been misplaced. "Some of that has not been good. If clients want to hire an investment banker they are going to go to one of the real investment banks," says Fox.

He suggests his own firm sees its relatively small size as a market advantage, relying on experience and innovation in its focus on the US property cat market and specialty casualty business such as workers' compensation and environmental liabilities.

"We just get on with our own business, continue to do what we do, and be better every day. We have been innovating on the products we offer. We have some unique cat products for US wind risk, for example," says Fox.

The large percentage of the market taken by the biggest brokers is not good for broker competition, Fox adds.

"The whole idea that the big brokers have about an 85% market share is just unhealthy, for clients and for reinsurers," he says.