

Business Insurance

Broker boards weighted toward outside members

As the brokerage industry under goes scrutiny for some of its practices, one focus of attention is the makeup of the companies' boards of directors.

Marsh & McLennan Cos. Inc., a target of the investigation and a lawsuit by New York Attorney General Eliot Spitzer, has the largest board of directors among the publicly held U.S. brokerages, with 15 members, as well as the most insiders, at six.

Compensation Crisis

The outside directors on the MMC board are credited with initiating the settlement talks that led to the ouster last week of Jeffrey W. Greenberg as chairman and chief executive officer and the appointment of Michael G. Cherkasky, CEO of its brokerage unit, to fill those roles. Outside directors are also leading efforts to reform other practices to resolve any legal or regulatory complaints.

Even before this controversy erupted last month, the publicly held brokerages were moving to ward more independent boards, spurred by various changes in corporate governance rules affecting public companies (BI, Feb. 2).

A Business Insurance analysis of the largest publicly held brokers in the United States finds that most have predominantly independent directors, though the makeup of the boards varies widely: From largest to smallest public U.S. brokers, the analysis follows:

Marsh & McLennan Cos. Inc. 15 board members, six of whom are insiders. **Directors are:** **Lewis W. Bernard**, retired former chief of finance, administration and operations of Morgan Stanley & Co. Inc.

Mathis Cabiaveta, vice chairman of MMC, chairman of MMC Global Development and a member of MMC's international advisory board.

Zachary W. Carter, partner at the law firm of Dorsey & Whitney L.L.P. and a former U.S. attorney.

Michael G. Cherkasky, president and CEO of MMC, as well as chairman and CEO of brokerage unit Marsh Inc. **Peter Coster**, president of benefits consulting unit Mercer Inc. **Charles A. Davis**, vice chair man of MMC and chairman and CEO of its MMC Capital subsidiary.

Robert F. Erburu, lead director and retired former chairman of The Times Mirror Co. **Oscar Fanjul**, vice chairman and CEO of Omega Capital, a Spanish investment firm.

Stephen R. Hardis, retired former chairman of Eaton Corp.

Gwendolyn S. King, president of Podium Prose, a speaker's bureau and speechwriting service.

Lord Ian Lang, former member of the U.K. Parliament, and chairman of BFS US Special Opportunities Trust P.L.C., Thistle Mining Inc. and Second Scottish National Trust P.L.C. **David A. Olsen**, a retired former vice chairman of MMC, and former chairman of Johnson & Higgins, acquired by MMC in 1997.

Morton O. Schapiro, president of Williams College.

Adele S. Simmons, vice chair of civic nonprofit group Chicago Metropolis 2020 and president of the Global Philanthropy Partnership, and former president of the John D. and Catherine T. MacArthur Foundation.

A.J.C. Smith, chairman of Putnam Investments, a unit of MMC, and former chairman of MMC.

Aon Corp.

13 board members, two of whom are insiders. **Directors are:**

Edgar D. Jannotta, chairman of William Blair & Co. L.L.C.

Jan Kalif, former chairman of the managing board of ABN AMRO Holding N.V./ABN AMRO Bank NV. **Lester B. Knight**, a partner of RoundTable Healthcare Partners, a private equity firm, and former vice chairman of Cardinal Health Inc.

Michael J. Losh, former chief financial officer and executive vp of General Motors Corp.

R. Eden Martin, a partner of law firm Sidley Austin Brown & Wood L.L.P. **Andrew J. McKenna**,

chairman and CEO of Schwarz Paper Co. Mr. McKenna has served on the board of Aon and its predecessor companies since 1970. **Robert S. Morrison**, retired former vice chairman of PepsiCo Inc., and former chairman and CEO of The Quaker Oats Co.

Richard C. Notebaert, chair man and CEO of Qwest Communications International Inc.

Michael I O'Dalleran, senior executive vp of Aon. Mr. O'Halleran, who recently relinquished the titles of president and chief operating officer, said he did not wish to be considered for re-election as a director in 2005.

John W. Rogers Jr., chairman and CEO of Ariel Capital Management Inc.

Patrick G. Ryan, chairman of the board and CEO. Mr. Ryan plans to step down as CEO once a successor is named.

Gloria Santona, executive vp, general counsel and secretary of McDonald's Corp.

Carolyn Y. Woo, dean of the Mendoza College of Business at the University of Notre Dame.

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Willis Group Holdings Ltd.

11 board members, one of whom is an insider. **Directors are:**

Gordon Bethune, chairman and CEO of Continental Airlines.

William W- Bradley, managing director of Allen & Co. L.L.C., and a former U.S. senator.

Joseph A. Califano, chairman and president of the National Center on Addiction and Substance Abuse at Columbia University, and a former U.S. secretary for Health, Education and Welfare.

James Fisher, managing member and majority owner of Fisher Capital Corp. L.L.C., and a former executive of American Re Corp.

Perry Golkin, a member of Kohlberg Kravis Roberts & Co. L.L.C., which owns 23% of Willis. **Paul M. Razen**, retired former chairman and CEO of Wells Fargo & Co.

Wendy E. Lane, chairman of Lane Holdings Inc. **James F. McCann**, chairman and CEO of 1-800-FLOWERS.COM Inc.

Scott C. Nuttall, an executive of KKR. **Joseph J. Plumeri**, chairman and CEO of Willis.

Douglas B. Roberts, interim director for the Institute for Public Policy and Social Research at Michigan State University and a former official of the state of Michigan.

Arthur J. Gallagher & Co.

10 board members, three of whom are insiders. **Directors are:**

T. Kimball Brooker, president of Barbara Oil Co.

Gary P. Coughlan, former senior vp and chief financial officer of Abbott Laboratories.

James W. Durkin Jr., president of Gallagher Benefit Services Inc. **J. Patrick Gallagher Jr.**,

president and CEO of AJG.

Robert E. Gallagher, chairman and former CEO of AJG. **Ilene S. Gordon**, president of Food Packaging Americas for Alcan Inc.

Elbert O. Hand, chairman of the board of Hartmarx Corp.

Bernard J. Hengesbhangh, ex-chairman of CNA Financial Corp.

David S. Johnson, president of North America Commercial for Kraft Foods Inc. **James R. Wimmer**, a former partner of Lord, Bissell & Brook.

Brown & Brown Inc.



J. Hyatt Brown

10 board members, two of whom are insiders and one who was an executive at an acquired company.

Directors are:

Samuel P. Bell III, shareholder of law firm Pennington, Moore, Wilkinson, Bell & Dunbar P.A., and a former Florida state lawmaker.

Hugh M. Brown, former CEO of engineering firm BAMSI Inc.

J. Hyatt Brown, chairman and CEO of Brown & Brown.

Bradley Currey Jr., former CEO of Rock-Tenn Co.

Jim W. Henderson, president and chief operating officer of Brown & Brown.

Theodore J. Hoepner, vice chairman of SunTrust Banks Inc.

David H. Hnghes, CEO of Hughes Supply Inc.

John R. Riedman, former chairman of Riedman Corp., which merged in 2000 with Brown & Brown.

Jan F. Smith, president of Jan Smith & Co. **Chilton O. Varner**, a partner in the law firm of King & Spalding L.L.P.

Hilb Roqal & Hobbs Co.

12 board members, three of whom are insiders.

Theodore L. Chandler Jr., president and chief operating officer of Land America Financial Group Inc., and a former partner of law firm Williams Mullen, which represents HRH.

Norwood H. Davis Jr., former chairman of Trigon Healthcare Inc.

Robert W. fiondella, retired former chairman of The Phoenix Cos. Inc.

J.S.M. French, chairman of Dunn Investment Co.

Robert H. Hilb, chairman emeritus of HRH.

Timothy J. Kornian, executive vp-finance and administration for HRH, and a first cousin of director Robert S. Ukrop.

Anthony F. Markel, president and chief operating officer of Markel Corp.

Thomas H O'Brien, retired former chairman and CEO of The PNC Financial Services Group Inc.

Julins P. Smith Jr., chairman and CEO of law firm Williams Mullen, which represents HRH.

Warren M. Thompson, chairman of Thompson HospitalityCorp.

Robert S. krop, president and CEO of Ukrop's Super Markets Inc., and a first cousin of Timothy J. Korman.

Martin L. Vaughan III chair man and CEO of HRH.

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