

## AN INTERVIEW ABOUT MINET'S NEW STRATEGIC DIRECTION



Doug Leatherdale, Chairman and CEO  
The St. Paul Companies

### HOW DO YOU VIEW MINET'S FUTURE?

I think the nature of the brokerage business will change significantly over the next few years, much along the lines Peter Christie has outlined. Minet's success will depend upon fundamental change in organizational structure and style.

Minet will have to adjust to the external markets, and internally Minet will change from a federation of brokerage organizations to a more disciplined, focused global organization along specialty lines.

### WHAT DO YOU EXPECT FROM MINET IN THE NEXT YEAR?

We expect to see results in cost containment over the next year. Expenses are too high in relation to revenues. We cannot allow expense to grow faster than revenues. The underlying principle for all capital allocation with The St. Paul is that each business operation must be profitable on its own, and that's true for Minet.

We also expect to see investment through acquisition of brokers and acquisition of individual broker producers.

### WILL THE ST. PAUL CONTINUE TO SUPPORT MINET'S DEVELOPMENT AND GROWTH PLANS?

We all agree that growth is essential to Minet's long term success. The St. Paul is prepared to make capital investments in Minet to foster that growth. But those investments are singularly dependent upon this organization's demonstration of ability to yield a profit.

**MINET'S SUCCESS WILL DEPEND UPON FUNDAMENTAL CHANGE IN ORGANIZATIONAL STRUCTURE AND STYLE.**

### HOW DO YOU EXPECT MINET TO DEVELOP AND GROW?

Internal development must be executed professionally and efficiently. When appropriate plans are approved and return projections are validated, capital investment will be made.

### WHY IS EXECUTION OF OUR STRATEGY IN THE FIVE-YEAR PLAN PARAMOUNT TO MINET'S SUCCESS?

Strategy is meaningless without execution. Execution must now be your primary focus. The careful, consistent and relentless pursuit of

actions that, in keeping with the strategy, will lead to long term success. Follow through on your strategy and good performance against benchmarks will allow The St. Paul to make capital available to Minet on an ongoing basis to fund its development.

Minet's success will require change in organizational structure and style. Minet can only be restored to profitability as a lean and well-ordered operation. We must turn to the marketplace and focus on generating profitable revenue.

### HOW DO YOU EXPECT PEOPLE IN MINET TO PROCEED?

While we recognize the difference between brokerage and underwriting operations, we will not compromise our standards for any part of the organization. These standards are clearly threaded throughout The St. Paul and are clearly articulated in "In Good Conscience."

The most basic tenet of The St. Paul is that all of our business dealings will be conducted according to the highest ethical standards. It is my personal expectation that all employees operating under St. Paul ownership will live by this standard.



### HOW COMMITTED IS THE ST. PAUL TO MINET AND ITS NEW STRATEGIC DIRECTION?

First let me say we have no intention of selling Minet. You are a part of The St. Paul—and The St. Paul is much more than a shareholder. I share Peter's commitment to his five year strategic plan to restore Minet to secure profitability. The Board of Directors of The St. Paul supports Peter's plan as well.

### IS THERE ANYTHING ELSE YOU WOULD LIKE PEOPLE IN MINET TO KNOW AS WE EMBARK ON OUR NEW FIVE-YEAR PLAN?

You face an exciting time—new businesses, new people in key spots, new ways of doing business. Those that sign on and work hard will see financial and professional reward in plenty. I see a day when I'll stand in front of you and congratulate you on becoming the "premier specialized broker in the world." ■



## HEADED FOR THE FUTURE

**WE ARE HEADED FOR THE FUTURE. WE CANNOT TODAY KNOW THE SHAPE OF THAT FUTURE EXCEPT TO KNOW THAT IT WILL BE DIFFERENT FROM THE PAST. WE ARE NOW FACED WITH THE CHOICE — TO GRASP THE OPPORTUNITY TO SHAPE THE FUTURE OR TO PASSIVELY ACCEPT WHATEVER THE FUTURE MAY BRING. WE HAVE CHOSEN TO GRASP THAT OPPORTUNITY TO SHAPE OUR OWN FUTURE.**

*Peter Christie, July 9, 1992*

Minet has launched into the 1990s and the future with a new strategic direction and a plan for success. The plan described by Peter Christie and other members of the worldwide management team at a conference held recently in London is intended to ensure Minet's position as a global broker with substantial capabilities and significant positions in selected marketplaces and product lines.

**"CHANGE WILL BE THE OPERATIVE TERM FOR SOME TIME. WE WILL WORK TO BREAK OLD PATTERNS AND FORGE NEW WAYS TO MAKE OUR PLANS REALITY."**

"Minet's mission is to be the premier, high margin specialty broker serving the client directly in major markets worldwide," said Christie. "Our plan is to return Minet to profitability as quickly as possible, to operate efficiently, and to grow in selected marketplaces. To achieve our goals will require each of us to have a clear sense of how we fit in that strategy, and a high sense of personal commitment."

In unveiling key elements of the plan, Christie explained that one of the greatest challenges of management is to form a view of the future and to develop a strategy to succeed within that environment. "The future will be different than we predict, but so long as we understand where we are headed and what we must do to get there, we will survive and prosper in whatever the future brings."

*(Continued)*

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### BUSINESS FOCUS

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#### OUR VIEW OF THE FUTURE

Minet's goal for the future becomes clearer when we examine key words contained in our new Mission Statement.

**MINET WILL BE THE PREMIER, HIGH MARGIN SPECIALTY BROKER SERVING THE CLIENT DIRECTLY IN MAJOR MARKETS WORLDWIDE.**

**PREMIER.** We will strive to be market leaders in our chosen marketplaces. Premier implies quality, responsiveness, customer orientation, and high value added.

**HIGH MARGIN.** We expect to be in businesses where value-added services will provide high margins.

**SPECIALTY.** We will commit the resources and the investment to create global expertise and focus in our chosen specialty areas.

**MAJOR MARKETS.** We will participate only in those markets large enough to support a meaningful presence built around our chosen specialties.

**WORLDWIDE.** We will have to be truly worldwide in our orientation to clients and to markets.

A Mission Statement says where we want to be; a plan tells us how we'll get there. Minet's plan has been carefully constructed around four core business groupings – International, North America, Reinsurance, and Global Professional Services. Each of these areas represents significant opportunity for growth and profitability. "Minet's growth and profitability over the next five years," said Christie, "will come through acquisition, through investment, and through people. We'll be making

substantial capital investment and we will accept short term expense investment to achieve that growth. I believe we can achieve 15 percent margins and grow to twice our current size in five years."

#### MINET'S SIX KEY THRUSTS FOR THE FUTURE

We will aggressively defend and develop high margin specialty retail business.

We will integrate resources on a global basis for specialty areas.

We will maintain our London-based broking expertise.

We will grow our reinsurance operations on a global basis and in support of our growing retail business.

We must increase our operating efficiencies – how we do things, and our effectiveness – what we do.

We will only participate in businesses that are a strategic fit.

#### OUR OPPORTUNITIES

Much of the discussion at the conference centered on how Minet must change to meet the challenges ahead. "Our place in the future," explained Christie, "will be determined by our ability to change old habits. We must think and act as a united organization to compete and prosper in the 1990s."

To understand Minet's place in the future, we first need to understand what's happening in our business. Christie cited four principal trends and what Minet will do to exploit its opportunities in each.

We will compete in an industry divided between a small number of megabrokers and a second tier of specialty brokers. *Minet will develop a high degree of focus and specialization to become a leader in the second tier.*

Insurance buyers will demand unbundled, value-added services. *Minet will build a strong risk advisory services business.*

Brokers will have to add value to the insurance buying process. *Minet will expand its alternate risk financing capabilities.*

Brokers' success will depend on their long term strategy. *Minet's five-year plan provides the strategy and demonstrates our willingness to commit resources to our vision for the future.*

Within this framework senior managers began a planning process last September to find the market realities of where and how Minet can best compete, to understand better our profitability dynamics, and to identify the priority areas for growth. "We learned some things about ourselves," Christie noted. "The planning process reinforced to me our strength – making things happen and doing the deals, and our weakness – the difficulty in focusing our efforts in areas of greatest payback. We also learned about untapped opportunities, unmanaged opportunities for synergy, and the ambition, talent and optimism that is in the organization.

"The principles that I expressed at the time of our worldwide reorganization last September have not changed." Christie explained that Minet's success will depend on:

**"THE FUTURE WILL BE DIFFERENT THAN WE PREDICT, BUT SO LONG AS WE UNDERSTAND WHERE WE ARE HEADED AND WHAT WE MUST DO TO GET THERE, WE WILL SURVIVE AND PROSPER IN WHATEVER THE FUTURE BRINGS."**

- ♦ Getting people back into the market
- ♦ Individual accountability
- ♦ Making managers responsible for thinking about what is best for the organization
- ♦ Being client and market driven
- ♦ Recognizing and rewarding performance.

"Our new organization is a first step toward making fundamental changes in how we think and operate. Change will be the operative word for some time in Minet. We will work to break old patterns of thinking and acting, grow closer together as an organization, and forge new ways to make our plans reality.

"We have embarked on an exciting course. As we travel together on this new road to the future let's be sure we stick to our maps, maintain good communication with each other, seize opportunities to work together, and we will make our company the premier, high margin specialty broker." ■

# VIEWPOINT

with Peter Christie



**A**t our first worldwide conference that just concluded in London, I reviewed Minet's plan for the future with senior managers. Our goal is to make Minet a broker of substantial international capability with a significant position in selected markets and product lines. We intend to be a premier provider of specialty insurance and advisory services.

Getting there will not be easy. It requires changing many of our old ways of thinking and acting, and forging new paths to make our plans reality. Change will be the operative term for us for some time. As we change we will become better focused on our client needs and on ways we can add value. We also will grow closer as an organisation.

#### IN TURN, YOU CAN EXPECT:

*Timely and open communication about where we're headed and how we're progressing. New lines of communication are being developed in our company. For example, video highlights from our recent conference are being provided to each Minet office worldwide for your information. Your manager will be arranging opportunities for you to view this tape. Also, on a regular basis, we'll be using this Business Focus publication, Management Briefs, and other internal communications to keep you informed of how your company is progressing. Frequent and open communication will be essential to our success, and I am committed to making that happen.*



Minet Group CEO Peter Christie (r.) with The St. Paul Companies' Chairman and CEO Doug Leatherdale (l.) and retiring Minet Chairman Ray Pettitt.

*Recognition and reward systems that recognise individual and collective performance. You have a right to know what good performance is and what the rewards are for achieving it, what the score card is, and what happens if you don't. Individual contributions are the basis for rewards in our new organisation. We will pay competitively and rewards will be earned. Our compensation programs will be tied to achieving financial and organisational objectives.*

Our determination to achieve profitability and success for Minet should not be underestimated. Substantial investment is available to our company. As you will read in this first edition of *Business Focus*, Doug Leatherdale and the Board of St. Paul are committed to helping us achieve our goals.

Just as I expect some things from you, you have a right to expect certain things from those of us in executive positions. Let's begin by understanding what those basic expectations are.

#### I EXPECT:

*Your personal commitment and best effort to help us achieve our plans.*

*You to identify and act on ways to build relationships and business opportunities with the various groups within the Minet organisation.*

*You will adhere to ethical business practices and work to preserve and protect your company's good name and reputation.*

In many ways, the seeds of our new opportunity were planted some time ago. As we embark on a new time in our history, we recognise the substantial contribution of Ray Pettitt who retires as Minet Chairman in October. The basic direction of our plan is one that he has both advocated and supported. It is our challenge to execute that plan.

The road ahead is an exciting one. I do not want to play down our challenges; I believe, with your effort and support, they can and will be met.

Peter S. Christie

# HEADED FOR THE FUTURE

## GROUP I *International*

**MISSION**  
To develop and expand as a top quality provider of retail and wholesale broking services in selected countries and marketplaces.

### EUROPE



Rick Murray  
CEO

**OBJECTIVE**  
To develop significant presences in the key Continental economies and in those other countries which provide attractive opportunities.

**PEOPLE** 867

**OFFICES**  
United Kingdom, Ireland, Germany, France, Italy, Spain, Switzerland, Norway, Finland, Monaco

**KEY BUSINESS ACTIVITIES**  
Property & Casualty, Specialty Professional and Industrial, Professional Indemnity, Directors & Officers Liability, Marine, Contingency Insurances, Fine Arts & Jewellery, Galleries, Museums, Exhibitions, Financial Institutions and Advisors, Construction

### INTERNATIONAL WHOLESALE BROKING



Paul Cotterill  
CEO

**OBJECTIVE**  
To provide top quality international wholesale broking services to retail clients.

**PEOPLE** 120

**OFFICES**  
London, New York

**KEY BUSINESS ACTIVITIES**  
Energy, Non-Marine, Construction, Marine, Aviation, Benefits

### INTERNATIONAL RETAIL BROKING



Bryan Hayes  
CEO

**OBJECTIVE**  
To develop our existing retail network and expand into new areas

**PEOPLE** 825

**OFFICES**  
Hong Kong, Thailand, Taiwan, Singapore, China, Japan, Australia, New Zealand, Zimbabwe, Kenya, Botswana, Nigeria, Lesotho, Swaziland

**KEY BUSINESS ACTIVITIES**  
Retail Broking, Risk Management & Loss Control, Captive & Fund Management

## GROUP RESOURCES

To support the business production and value-added services that Minet delivers worldwide.



Brian Chapple  
Deputy Chairman



**GROUP I - London**  
**PEOPLE:** 450  
Vinod Desai  
Senior Vice President

## GROUP II *The Americas*



Alan Middleton  
CEO

**MISSION**  
Become a significant provider of high value insurance intermediary and risk consulting services for a number of specialty coverages and selected industries.

### US RETAIL



John Hartman  
CEO

**OBJECTIVE**  
Significantly expand Minet's U.S. retail presence in selected high value specialties.

**PEOPLE** 159

**OFFICES**  
New York City, Paramus, Atlanta, San Francisco, Los Angeles, Houston

**KEY BUSINESS ACTIVITIES**  
Energy & Marine, Financial Institutions, Professional Liability, Lawyers, Fortune 1000 companies

### MINET RISK SERVICES



J. Bernard Friemann  
CEO

**OBJECTIVE**  
Provide high quality and value consulting and management services to Minet units and third parties.

**PEOPLE** 34

**OFFICES**  
Atlanta, London, New York, San Francisco, Bermuda, Guernsey, Singapore

**KEY BUSINESS ACTIVITIES**  
Risk Consulting, Captive Management Services

### US WHOLESALE



Warren Stanley  
CEO

**OBJECTIVE**  
To ensure superior value to our retail broker clients by providing comprehensive risk transfer and placement services.

**PEOPLE** 508

**OFFICES**  
Atlanta, Boise, Boston, Cherry Hill, Chicago, Clearwater, Dallas, Denver, Detroit, Fresno, Fairfax, Greensboro, Houston, Irvine, Los Angeles, Minneapolis, Madison, New Orleans, New York City, Paramus, Philadelphia, Portland, Reno, San Francisco, Seattle, San Diego, Stockton, Salt Lake City, St. Louis, South Windsor, Woodland Hills

**KEY BUSINESS ACTIVITIES**  
Primary and Excess Liabilities, Property, Professional Liability, Directors & Officers Liability, Energy, Construction, Financial Institutions, Commercial Auto, Commercial Marine, Museums & Private Collectors

### AMERICAS BROKING



Steven Gilbert  
CEO

**OBJECTIVE**  
To support Minet's owned retail operations in North America by providing quality broking services in London and Europe

**PEOPLE** 78

**OFFICES**  
London

**KEY BUSINESS ACTIVITIES**  
North American Casualty & Property, Global Professional Services

### CANADA



Robert Hatton  
CEO

**OBJECTIVE**  
To significantly expand Minet's Canadian retail presence in selected high value specialty areas.

**PEOPLE** 37

**OFFICES**  
Montréal, Toronto, Vancouver

**KEY BUSINESS ACTIVITIES**  
Financial Institutions, Professional Liability

## GROUP III *Reinsurance*



Bryan Hayes  
CEO

**MISSION**  
To become the premier quality global reinsurance broker.

### NORTH AMERICA

#### UNITED STATES



Dan Colello  
CEO

**INTERE, RFC, TAILORED AWARDS**

**PEOPLE** 270

**OFFICES**  
Atlanta, Boston, New York, Chicago, Philadelphia, Dallas, Bermuda, Hartford, San Francisco, St. Paul

**CANADA**  
Bob Inksater,  
CEO

**IOC**

**PEOPLE** 17

**OFFICES**  
Toronto

### EUROPE UNITED KINGDOM

Mark Hvidsten,  
CEO  
North America

Paul Woodhouse,  
CEO  
International

**J. H. MINET RE**

**PEOPLE** 128

**OFFICES**  
London

### SWITZERLAND



Tony Wetzel  
CEO

**ANGLO-SWISS INTER-GREMIUM**

**PEOPLE** 31

**OFFICES**  
Basle, Zurich

### GERMANY

Opening in Fall 1992

**OFFICES**  
Munich

### AUSTRALIA NEW ZEALAND



Roger Burn  
CEO

**MINET BURN ROCHE**

**PEOPLE** 47

**OFFICES**  
Sydney, Wellington

### GROUP III

**OBJECTIVE**  
Provide top quality reinsurance services utilising our global network and support infrastructure.

**KEY BUSINESS ACTIVITIES**  
Treaty reinsurance—all classes. Specialist companies—RFC (facultative reinsurance) and Tailored Awards (structured settlements).

## GROUP IV *Global Professional Services*



Rick Murray  
CEO

**MISSION**  
To continue to be the premier provider of risk consulting and insurance broking services to multinational professional organisations.

### MAJOR INTERNATIONAL ACCOUNTANTS



Robert Hatton  
Deputy Chairman

**OBJECTIVE**  
To grow by securing new accounts and leveraging consulting and reinsurance products developed by the Big 6 team.

**PEOPLE** 32

**OFFICES**  
London, Montréal

**KEY BUSINESS ACTIVITIES**  
Professional Liability, Risk Financing, Risk Consulting, Reinsurance

### BIG 6



Geoff Morris  
Deputy Chairman

**OBJECTIVE**  
Maintain and strengthen existing relationship with Big 6; manage change from commission based to value-based fee revenues.

**PEOPLE** 90

**OFFICES**  
London, Montréal, New York

**KEY BUSINESS ACTIVITIES**  
Professional Liability, Risk Financing, Risk Consulting, Reinsurance

### INFORMATION TECHNOLOGY INDUSTRIES



Robert Hatton  
Deputy Chairman

**OBJECTIVE**  
Develop specialised value-added services and products for the IT industry.

**PEOPLE** 4

**OFFICES**  
San Francisco

**KEY BUSINESS ACTIVITIES**  
Information Technology companies, Risk consulting



**GROUP II - New York**  
**PEOPLE:** 257  
J. Bernard Friemann  
Senior Vice President



**GROUP III - London**  
**PEOPLE:** 6  
Mike Rossor  
Senior Vice President



**GROUP IV - New York**  
**PEOPLE:** 120  
Hugh Babinski  
Senior Vice President