

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Benfield Inc.,

Court File No. _____

Plaintiff,

vs.

COMPLAINT

Aon Re, Inc.,

Defendant

Benfield Inc. complains against Aon Re, Inc. as follows:

THE PARTIES

1. Benfield is a Delaware corporation with its principal place of business in Bloomington, Minnesota. Benfield provides risk management services to the insurance industry and brokers reinsurance.

2. Aon Re is an Illinois corporation with its principal place of business in Chicago, Illinois. Aon also provides risk management services to the insurance industry and brokers reinsurance.

JURISDICTION

3. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1332: the parties' citizenship is diverse; the requisite amount is in controversy.

FACTS

4. Benfield helps insurance companies layoff risk. Insurers secure loss protection by purchasing reinsurance. In addition to placing reinsurance, Benfield provides a variety of other risk management services. Benfield plays a significant role in the formulation of client risk management strategies; Benfield's success depends upon, among other things, a thorough

understanding of client risk exposure and risk management needs. Benfield conducts business throughout the world.

5. To secure reinsurance coverage for clients, Benfield acts as an intermediary between the insurer who wants to layoff some of its risk (the cedent) and the reinsurers to whom the risk is ceded. On the customer's behalf, Benfield brokers the appropriate reinsurance treaties to cover risks that the insurer clients choose not to retain.

6. Benfield works for months gathering the information necessary to present client reinsurance proposals to the market. This process involves significant analysis and extensive negotiations.

7. After a reinsurer shows an interest in a cedent's business, protracted bargaining ensues and unlike retail insurance policies, reinsurance treaties are separately negotiated to fit the cedent's needs and business plan.

8. Once the deal is done, that treaty provides coverage for a specified period – typically from one to three years, but sometimes longer.

9. Benfield is generally compensated in one of two manners: (1) the customer pays an upfront fee; or (2) periodic payments are deducted from premiums the customer submits to the reinsurer through the broker. All brokerage commissions are based upon the successful placement of the reinsurance treaty – no placement, no payment. If reinsurance is secured pursuant to a percentage deduction arrangement, Benfield is paid nothing upon placement; instead, Benfield collects the premium payments from the client, retains its commission, and forwards the amount due to the reinsurer. This flow of funds takes place over the term of the treaty.

10. Regardless of the payment method, the commission is earned upon placement of the treaty.

11. Benfield placed the following reinsurance treaties for St. Paul Companies ("St. Paul"), which had the terms specified in the effective date column:

TREATY	EFFECTIVE DATE
Non-Admitted Personal Lines Quota	05/01 to 04/30/02
Commercial Surplus Share	7/1/01 to 6/30/02
Ca Residential EQ Quota Share (50% placement to AXA Re)	9/15/00 to 9/14/03
CA Residential EQ Quota Share (5% placement to Gerling)	9/14/00 to 9/14/02
CA Residential EQ Contingency Commission	9/15/00 to 9/14/03

12. Prior to the expiration of these treaties, St. Paul switched reinsurance intermediaries, moving business from Benfield to Aon. Consequently, Aon began collecting premiums from St. Paul related to the Non-Admitted Personal Lines Quota treaty and the Commercial Surplus Share treaty and forwarded them to the appropriate reinsurers. Aon wrongfully retained commissions from these premiums, refusing to turn payment that had been earned at placement over to Benfield.

13. Aon also took over the collection of premiums on the Ca Residential EQ Quota Share Aon, CA Residential EQ Quota Share and CA Residential EQ Contingency Commission treaties. Aon continued to wrongfully retain Benfield's commissions from these premiums as well.

14. Subsequently, around September 1, 2001, Aon knowing that the Ca Residential EQ Quota Share Aon, CA Residential EQ Quota Share and CA Residential EQ Contingency Commission treaties were in effect and were to continue in effect, caused St. Paul to cancel these

treaties unilaterally. Aon then procured reinsurance, *i.e.*, new treaties, for the same risk as had been covered by the treaties that Benfield had placed.

15. Benfield was entitled to, but did not collect, the following commissions for placement of the treaties:

Name	Estimated Brokerage
Non-Admitted Personal Lines Quota	\$ 296,000
Commercial Surplus Share	\$ 175,000
CA Residential EQ Quota Share	\$1,390,000
CA Residential EQ Quota Share	\$ 70,000
CA Residential EQ Contingency Commission	\$ 469,000

Because Benfield no longer handles the flow of funds, these brokerage amounts are estimates.

COUNT I: TORTIOUS INTERFERENCE WITH CONTRACT

16. Aon knew that Benfield had placed reinsurance treaties on St. Paul's behalf.

17. Despite this knowledge, Aon intentionally caused, without justification, St. Paul to terminate the treaties to enable Aon to place the business and secure the commissions.

18. Benfield has been damaged as a result of Aon's actions.

COUNT II: TORTIOUS INTERFERENCE WITH PROSPECTIVE BUSINESS RELATIONS

19. While customers are free to change reinsurance brokers at any time, accounts do not usually move mid-term because such broker shuffling disrupts business. Thus, if customers, like St. Paul, make a decision to switch brokers, that transfer typically occurs going in to the next renewal period, *i.e.*, at the expiration of any treaties placed by the soon-to-be former broker.

20. In those rare cases where a client changes brokers during the term of a treaty, those treaties are typically left in place and the new broker begins handling any broker obligations pursuant to the treaty.

21. Regardless of whether the new broker begins handling such servicing functions, the brokerage commissions generated by the treaty belong to the former (placing) broker because brokerage is earned at placement.

22. In an effort to avoid paying Benfield the commissions that had been earned from the placement of treaties for St. Paul, Aon intentionally, and without justification, induced St. Paul to cancel unexpired treaties.

23. Aon then secured reinsurance for the same risk that was covered by the treaties that Benfield had already placed.

24. Benfield has been damaged as a result of Aon's actions.

COUNT III: UNJUST ENRICHMENT

25. Through its wrongful conduct Aon has been unjustly enriched at the expense of Benfield.

26. To remedy this wrong, Aon must be ordered to disgorge all ill gotten gain or otherwise make restitution to Benfield.

COUNT IV CONVERSION

27. Aon induced St. Paul to transfer its accounts to Aon before the terms of the reinsurance treaties that are the subject of this litigation ran their course.

28. As placing broker, Benfield earned and is entitled to receive brokerage commissions on reinsurance coverage placed for St. Paul.

29. By causing St. Paul to transfer its accounts, Aon usurped the commissions that Benfield had earned.

30. By retaining commissions out of premium remittance paid upon reinsurance coverages that Benfield placed, Aon wrongfully converted monies that Benfield earned and was entitled to receive. These monies are Benfield's property.

31. Thus, Aon has wrongfully received commissions for the reinsurance coverage originally placed by Benfield.

COUNT V: UNFAIR COMPETITION

32. Through its wrongful conduct, Aon has engaged in unfair competition.

33. As a direct and proximate result of Aon's unfair competition, Benfield has suffered damages.

REQUEST FOR RELIEF

WHEREFORE, Benfield Inc. requests the following relief:

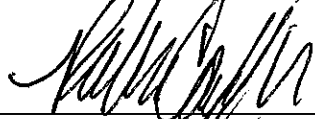
1. Compensatory damages and interest incurred as a result of Aon's wrongful conduct in an amount in excess of \$2,400,000; and
2. The award of legal fees and other costs incurred in this litigation.

JURY DEMAND

Pursuant to rule 38(b) plaintiffs demand a trial by jury.

Dated: May 4, 2007.

BRIGGS AND MORGAN, P.A.

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