

E MARKET

Aon Is in Joint Settlement Talks With Attorneys General in 3 States

By THEO FRANCIS

Aon Corp. is in joint talks with at least three state attorneys general in an effort to reach a broad settlement of investigations into its business practices, according to people familiar with the matter.

The Chicago-based insurance broker has been in joint talks with the offices of attorneys general in Connecticut, New York and Illinois, each of which was investigating the company's practices as part of a broader inquiry into the insurance industry's relationships with brokers.

People familiar with the talks said a settlement isn't imminent but could come within as little as a month.

Aon's joint settlement talks, with New York and other unnamed states, were reported earlier Friday on the Web site of the Insurance Insider, a United Kingdom insurance publication.

A joint deal would contrast with the settlement announced Jan. 31 by Aon's larger competitor, Marsh & McLennan Cos. of New York, after a related investigation. That agreement—seen as a template for pacts with other insurance brokers—only settled charges brought by New York Attorney General Eliot Spitzer,

though under its terms, Marsh will make \$850 million available to compensate clients nationwide. More than two dozen other states continue to investigate the company, including some critical of the New York settlement, calling it too small.

Aon, the second-biggest U.S. insurance broker, is one of several big insurance brokers under investigation by attorneys general and insurance commissioners in several states. In October, Mr. Spitzer sued Marsh, accusing it of conspiring with several big insurers to rig bids, faking the appearance of competition for corporate policyholders while actually directing business to favored insurance companies. In settling the state suit, Marsh apologized for the actions of employees but neither admitted nor denied wrongdoing.

So far, Aon hasn't been formally accused of wrongdoing.

In the fourth quarter, Aon took a \$50 million pretax charge in anticipation of settlements, but executives told investors more might be necessary. Aon has said an internal investigation found unspecified violations of its code of conduct by "some employees," but hasn't elaborated. A spokesman Friday declined to comment on the investigation or settlement talks.