



A Strategic Plan for Continued Growth

2002 Annual Report



Operations in U.S.	Total
\$146,566	\$200,849
220	1,564
\$19,786	512
	\$222,924

For the nine months ended September 30, 2002

2002	2001	2000	1999
8,114	73	-	8,147
			285
			8,114
			8,114

Hub International Limited, one of North America's leading insurance brokers, has expanded revenue at a 54% compounded annual rate and increased net earnings at a 104% compounded annual rate since its founding in 1998. Today, HUB and its operating subsidiaries serve clients from more than 120 offices in the United States and Canada, with policies placed at more than 150 insurance companies. Of 2002 revenue, approximately 61% was generated by U.S. subsidiaries and 39% by Canadian subsidiaries, with business clients comprising 76% of the total revenue base. HUB's common shares are listed under the symbol HBG on both the New York Stock Exchange and the Toronto Stock Exchange.

HUB's strategic plan for continued growth is described in the pages that follow.

Highlights include:

About HUB. Inside Cover Foldout.

While HUB is a relatively young company, our well-established brokerages bring long-standing business relationships, integrity and service to their markets.

Financial Highlights. Page 1.

HUB's rapid growth is reflected in its financials, including revenue, profitability and balance sheet strength.

Shareholder Letter. Page 2.

We seek the right balance between acquisitions and organic growth, and the right balance between decentralized service and corporate oversight.

Addressing the Market. Page 6.

Insurers are seeking to reduce costs and risk by relying more heavily on HUB and other large brokerages with a profitable track record. In turn, many middle-market companies and brokers (through wholesale relationships) are maintaining or regaining access to insurers by utilizing larger brokerages like HUB.

Serving the Client. Page 8.

HUB's brokerages can educate clients on market realities, risk assessment and techniques for building insurer loyalty and responsiveness...which will increase client loyalty as well.

Expanding the Franchise. Page 10.

Brokerage owners who sell their businesses to HUB must be willing to maintain a strong commitment to build their businesses and to become an important part of a larger organization.

Creating the Culture. Page 12.

HUB International continues to develop ways to make our brokerages more effective as competitors and more efficient as operators.

Managing the Numbers. Page 14.

Effective management of overhead expense and financial assets can increase our rate of profitable growth.

Corporate Information. Page 16.

HUB's management team includes some of the industry's leading professionals; investors are invited to meet many of them at our annual meeting.

Annual Report on Form 10-K. Insert, Inside Back Cover.

Full financial statements are provided to investors in the same format used in our filings with the Securities and Exchange Commission and Canadian securities commissions.

Safe Harbor Statement. Inside Back Cover.

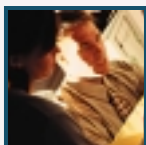
About HUB

While HUB is a relatively young company, our well-established brokerages bring long-standing business relationships, integrity and service to their markets.

1998

Eleven Canadian brokerages merge to form Hub International Limited. Included are:

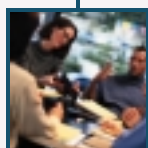
The Hub Group (Ontario) Inc.
Barton Insurance Brokers Ltd.
Martin Assurance & Gestion de Risques Inc.



2000

Acquired and integrated 18 brokerages, including:

C.J. McCarthy Insurance Agency, Inc.

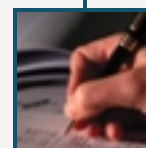


1999

Raised \$65.9 million through a combination of private placements and an initial public offering in Canada. Listed our common shares on the Toronto Stock Exchange (Symbol: HBG).

Acquired and integrated 44 brokerages, including:

Mack and Parker, Inc.
TOS Insurance Services Ltd.



Our HUB Brokerages

	Barton Insurance Brokers Ltd.	Burnham Insurance Group, Inc.	Hub Financial Inc.	The Hub Group (Ontario) Inc.	Hub Int'l of California, Inc. <i>(Including Hooper, Hayes & Associates, Inc.)</i>
Year Founded	1948	1978	1980	1912	1946
Year Acquired	1998	2001	1998	1998	2001
Main Office	Chilliwack, British Columbia, Canada	Battle Creek, Michigan, USA	Toronto, Ontario, Canada	Toronto, Ontario, Canada	Los Angeles, California, USA
Primary Operating Regions	British Columbia	Michigan, Dallas, Cleveland, Alabama	All Provinces of Canada	Ontario	California
Employees (Full Time)	416	162	108	320	49
Primary Services/Lines	Retail Operations: Personal Lines and Commercial Wholesale Operations: Program Business	Retail Operations: Personal Lines and Commercial Life, Health and Financial Institutions	Wholesale Operations: Life and Financial Services Products	Retail Operations: Personal Lines and Commercial Wholesale Operations: Program Business	Retail Operations: Personal Lines and Commercial
Primary Competitive Strengths	Largest Broker of Government Underwritten Auto Insurance Call Center	Financial Institution Programs	Distribution Network of Over 5,000 Independent Sub-Agents in Canada	Call Center Programs including Professional Liability and Benefits Consulting Operations	Medical Malpractice Houses of Worship



2002

Completed sale of Old Lyme Insurance companies to Fairfax, Inc. U.S. initial public offering raises \$88.1 million. Listed our common shares on the New York Stock Exchange (Symbol: HBG).

Acquired eight brokerages, including:

- Fifth Third Insurance Services, Inc.*
- Hooper, Hayes & Associates, Inc.*

2001

Moved corporate offices to Chicago, Illinois.

Acquired and integrated 16 brokerages, including:

- Kaye Group Inc.*
- J.P. Flanagan Corporation*
- Burnham Insurance Group, Inc.*



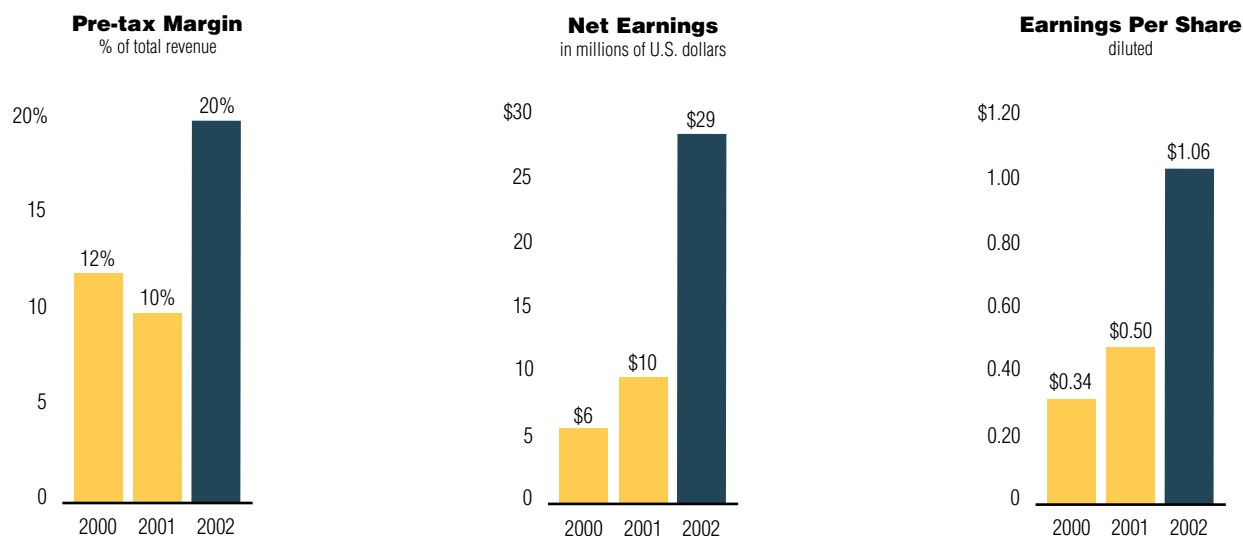
Hub Int'l Indiana Limited <i>(Formerly Fifth Third Insurance Services, Inc.)</i>	Kaye Group Inc.	Mack and Parker, Inc.	Martin Assurance & Gestion de Risques Inc.	C.J. McCarthy Insurance Agency, Inc.	TOS Insurance Services Ltd.
1937	1952	1935	1913	1867	1956
2002	2001	1999	1998	2000	1999
Evansville, Indiana, USA	New York, New York, USA	Chicago, Illinois, USA	Montreal, Quebec, Canada	Wilmington, Massachusetts, USA	Burnaby, British Columbia, Canada
Indiana and Michigan	New York, New Jersey, Connecticut, Rhode Island	Chicago, Denver	Montreal, Quebec City, Quebec	Boston, New England	Vancouver
186	384	146	161	133	210
Retail Operations: Personal Lines and Commercial	Retail Operations: Personal Lines and Commercial Wholesale Operations: Program Business and Commercial	Retail Operations: Personal Lines and Commercial	Retail Operations: Personal Lines and Commercial	Retail Operations: Personal Lines and Commercial	Retail Operations: Personal Lines and Commercial
Health Care Financial Institutions Construction	Real Estate Technology Trucking Wholesale Programs, including Real Estate and Restaurants	Lawyers Professional Liability Program American Veterinary Medical Association	Elite Personal Lines Product Construction	Biotechnology Corporate Coverage	Automobile Dealerships Marine Credit Risk

Financial Highlights†

	2002	2001	2000
Operating Results (in thousands of U.S. dollars)			
Total Revenue	\$219,960	\$153,993	\$ 95,240
U.S. Revenue	\$134,149	\$ 75,429	\$ 20,004
Canadian Revenue	\$ 85,811	\$ 78,564	\$ 75,236
Pre-tax Earnings	\$ 43,657	\$ 15,267	\$ 11,508
Net Earnings	\$ 29,401	\$ 10,005	\$ 6,138
Financial Position (in thousands of U.S. dollars)			
Working Capital	\$ 37,073	\$ 770	\$ 16,809
Goodwill	\$281,727	\$220,848	\$117,744
Total Assets	\$596,876	\$502,296	\$206,157
Total Debt	\$107,038	\$196,952	\$ 34,665
Common Shareholders' Equity	\$284,274	\$135,271	\$112,212
Year-End Data			
Shares Outstanding (000's)	29,025	21,656	18,528
Shareholders	2,500	1,040	750
Employees (Full Time)	2,294	1,929	1,301
Operating Ratios			
Pre-tax Margin	20%	10%	12%
Net Margin	13%	6%	6%
SG&A as % of Revenue	20%	23%	23%
Return on Average Equity	14%	8%	6%
Per Share Data*			
Net Earnings—Basic	\$1.27	\$0.53	\$0.34
Net Earnings—Diluted	\$1.06	\$0.50	\$0.34
Book Value	\$9.79	\$6.25	\$6.06
Dividends Paid	C\$0.28	C\$0.28	C\$0.21

†Consolidated Financial Statements of the company are expressed in U.S. dollars and have been prepared in accordance with Canadian GAAP. For more information, refer to note 18 "Reconciliation to U.S. GAAP" in the company's Form 10-K.

*Earnings Per Share Data are based on weighted average shares outstanding. Book Value per share is as of year end.



Shareholder Letter

Martin P. Hughes, Chairman and Chief Executive Officer

“Increasing our base of high-quality clients is the most important part of our overall growth strategy. By increasing our client base, we create the opportunity to increase revenue...”



Fellow Shareholders:

Hub International achieved substantial progress in each core area of its business plan during 2002, reinforcing our belief in our strategies and increasing our confidence for further progress in 2003.

The company posted record revenues of \$220 million, up 43% from \$154 million in 2001, while net income climbed 194% to \$29.4 million from \$10 million. We completed our initial public offering in the United States, raising net proceeds of \$88.1 million through the sale of 6.9 million common shares, and listing our common shares on the New York Stock Exchange. The U.S. public offering and the sale of our Old Lyme insurance subsidiaries provided substantial capital to pay down debt and expand our business. Total debt as of December 31, 2002 was \$107 million, down 46% from a year earlier, while shareholders' equity was up 110% to \$284 million, or \$9.79 per share. The issuance of shares in connection with the U.S. public offering and acquisitions led to a 34% increase in shares outstanding to 29 million at year end. Despite this increase in shares outstanding, diluted earnings per share increased a solid 112% to \$1.06 from \$0.50 a year earlier.

These gains resulted from both acquisitions and organic growth. We added two hub subsidiaries in

the United States—Hub International of California Limited, which includes Hooper, Hayes & Associates, Inc., and Fifth Third Bank's brokerage business, now known as Hub International of Indiana Limited. We added another six brokerages through smaller, fold-in acquisitions. While acquisitions grab most of the headlines, we also grew through the day-to-day operations of our established businesses. Excluding acquisitions, we posted a 13% organic growth rate in 2002, increasing our "same-store sales" by approximately \$20 million.

Behind the Numbers

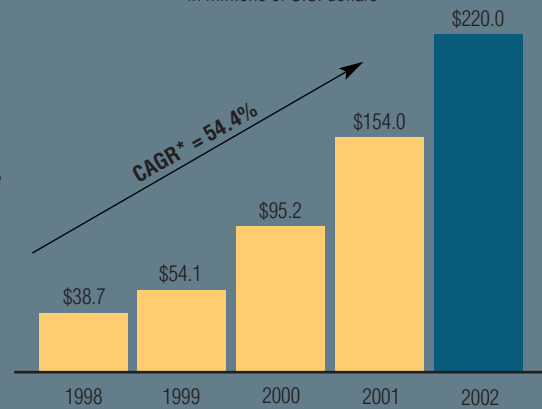
Our organic growth reflects several factors that demonstrate both the strength of our underlying businesses and the opportunities available to us. After more than a decade of soft pricing (a period typified by relatively low premium rates), rates began firming in 2000, a process that accelerated after the terrorist attacks of September 11, 2001. In 2002, insurance rates generally increased by 12–17% or more.

As rates hardened and insurers imposed more restrictive terms and conditions, many smaller brokerages and corporations sought out larger brokerages like HUB to help them maintain or regain access to the insurance market. We benefited from this trend, increasing our total client count.

Revenue Growth in millions of U.S. dollars

Revenue growth has accelerated as we have expanded our presence in the U.S.

*Compound Annual Growth Rate



Focus on Client Expansion

With more clients and sharply higher premium rates, organic growth increased to 13% from the 5–7% range more typical of our performance in a soft pricing market. Clients offset large portions of rate increases, however, by reducing their coverage and increasing their deductibles. Meanwhile, a weak economy reduced client sales, payrolls and head counts, which trimmed the total premium dollars and broker commissions from volume-sensitive risks such as employee benefits and liability insurance.

We see significant long-term opportunities in this complex mix of factors. Here's why:

- Hard markets lead insurers to reconsider their risk profiles, which can cause them to decline to renew certain classes of coverage or individual policies, making HUB's access to insurance markets more critical.
- Insurers seeking to control costs and reduce risk will often consolidate brokerage relationships, relying more on larger brokerages, like HUB, that can provide insurers with a substantial number of economically attractive risks.
- Mid-sized businesses, which usually lack an in-house insurance department, rely increasingly

on larger brokerages for access to insurers, advice on how to structure coverage in the most cost-effective way, and to improve their risk management strategies.

In 2002, our brokerages capitalized on this opportunity by securing new relationships with middle-market companies and expanding wholesale relationships with brokerages that found it difficult to obtain access to insurers. Each new relationship represents an opportunity to build total revenue as the economy recovers. In an economic recovery, sales, payrolls and head counts rise, increasing the amount of covered risk and premium for specific products. Meanwhile, enhanced cash flow encourages clients to reinstate coverage or reduce deductibles. This release of pent-up demand could be a substantial source of organic growth for us in future years.

Increasing our base of high-quality clients is the most important part of our overall growth strategy. By increasing our client base, we create the opportunity to increase revenue as the economy recovers and through cross-selling to existing clients. At the same time, client growth expands our relationships with preferred insurance providers, creating greater access and better pricing options for clients and enhancing our competitive position.

HUB's Mack and Parker brokerage in Chicago provides professional liability and other customized insurance coverage to more than 45,000 members of the American Veterinary Medical Association.

One way we increase our client base is through acquisitions. HUB is a major participant in the ongoing consolidation of the insurance brokerage business in North America. Since our formation in 1998, we have acquired 86 insurance brokerages, including the eight that we purchased in 2002. In fact, since 1998, 85% of the company's total revenue increase has come from acquisitions. We also used our acquisition strategy to shift our revenue base deeper into the United States. U.S. revenue rose to 61% of our total in 2002, while all our 1998 revenue originated in Canada.

However, there's more to the acquisition story than simply buying brokerages. We believe we know how to buy right—of the 86 brokerages we have acquired, only three small acquisitions have failed. We know how to find the right companies and we pay appropriate prices for them, allowing us to benefit from continuing, post-acquisition growth.

Aligning Management with Shareholders

We structure acquisitions to encourage strong, long-term performance. Although our brokerages pay cash for smaller, fold-in acquisitions, HUB emphasizes the use of restricted stock as a currency to purchase larger brokerages that can become new hubs.

The senior executives at our hub operations all have a substantial portion of their net worth tied up in HUB shares. These are real shares, not options or phantom stock, paid in lieu of the cash these sellers could have collected from another acquirer. In fact, executives who work at HUB own roughly 25% of our common shares.

The sellers who agree to this structure are confident, entrepreneurial leaders who have a strong track record and the energy to keep growing. We don't want to add a brokerage unless we know the people responsible for its growth will continue adding value for HUB and its shareholders.

These same executives agreed to accept one half of their 2002 performance bonuses in stock options exchangeable for restricted shares, giving up the right to receive that compensation in cash. Their decision reduced cash bonus payouts by a total of \$4.7 million for 2002, and represents a vote of confidence in HUB's future.

We continue to seek additional hub acquisitions, with a goal of adding two-to-three hubs per year and a larger number of fold-in acquisitions. Our plan is to fill our U.S. footprint to 15 hubs from the current six, with a focus on increased penetration of the Southeast, Southwest and Western United States. These are not absolute rules, however.



“The senior executives at our hub operations all have a substantial portion of their net worth tied up in HUB shares. These are real shares, not options or phantom stock...”

We might make four hub acquisitions one year and only one in others; we could acquire two hubs in existing areas before filling a gap in the West. This isn't a race; it's the steady process of building a superior business. We will be driven by opportunity, market conditions and the ability to find the kind of seasoned entrepreneurs who are willing to commit to our long-term success.

In turn, we give these entrepreneurs the tools they need to build the business. Acquired brokerages gain immediate access to our insurer network and the benefits of HUB's elite status, along with a broader portfolio of products and services to offer to their clients. We also provide best-practices support, national purchasing/vendor relationships, staff training, administrative and marketing support and other resources our brokerages can tap to increase their value to clients and insurers.

We're confident we can continue to build customer relationships and HUB's value in 2003 and beyond. The insurance market is likely to remain difficult in the coming year, with high premium rates and limited access to insurers. Economic uncertainty could continue for many months, or years. While we don't know what the future will bring, we do know we have solid managers who can navigate in choppy waters.

To address these challenges, we are following a business plan that emphasizes smart decisions and stronger relationships with both insurers and clients. We seek the right balance between acquisitions and organic growth, and the right balance between decentralized service and corporate oversight.

As detailed in the pages that follow, our business plan is based on common sense and market insight. Our employees have delivered plenty of both in the past year, and we know they'll continue on that path as we pursue continued growth. I offer my sincere thanks to all of them, and to our clients, insurance partners, investors and friends, for your support of Hub International.

Sincerely,



Martin P. Hughes
Chairman and Chief Executive Officer
March 14, 2003

Addressing the Market

HUB's Kaye Group brokerage provides customized insurance programs to 3,000 restaurants, including 1,000 Asian specialty operations. Restaurant programs are among the 21 specialized packages created and marketed by Kaye's subsidiary, Program Brokerage Corporation.

Situation Analysis:

The insurance industry is undergoing wrenching change as a reassessment of risks and negative underwriting experience have combined to raise premium rates and limit access to insurance. In a number of cases, insurers have faced or will face a possible downgrade of their financial ratings, which could reduce the ability and/or willingness of major brokerages to place business with them.

Insurers seek to earn a profit by assessing risks and pricing policies so that they collect more in total premiums than will ultimately be needed to cover losses. They use the time between collection of premiums and payout of claims to earn an investment return on premium dollars. In periods of attractive investment opportunities, such as the strong equity and debt markets of the 1990s, insurers might reduce premium rates (prices) to increase policy sales, relying on profitable investment returns to compensate for reduced underwriting margins. As investment markets weakened in 2000, investment returns fell and insurers raised rates, creating a "harder" market. After the terrorist attacks of September 11, 2001, many insurers faced substantial underwriting

losses that threatened their capital positions. Low interest rates and falling equity markets in 2002 led to a further reduction in returns on investments.

As a result, rates have increased dramatically for most types of insurance coverage and many insurers have become increasingly selective regarding the amount and type of insurance coverage they offer. In addition to tighter underwriting standards, some insurers are seeking to reduce costs and risk by relying more heavily on HUB and other large brokerages with a profitable track record. In turn, many middle-market companies and brokers (through wholesale relationships) are maintaining or regaining access to insurers by utilizing larger brokerages like HUB.

Hub International Business Plan:

HUB benefits from its position as one of North America's leading insurance brokerages. In this environment, HUB can enhance its role in the marketplace through:

- Strong review and risk assessment practices that create large, profitable books of business for insurers, thereby expanding access to coverage for HUB clients.

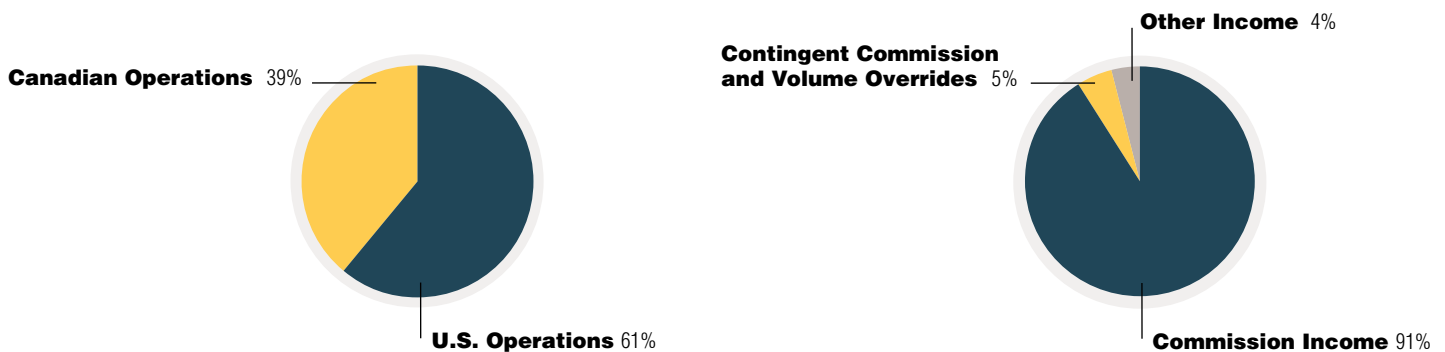
“Superior service can lead to substantial benefits as the economy recovers and clients increase their spending on insurance by lowering deductibles, increasing limits or adding new kinds of coverage.”



- Long-term focus and relationship building among both insurers and insureds, leading to continuity of coverage and favorable policy terms for clients and overall profitability for insurers.
- Expanded wholesale relationships with independent brokerages that rely on HUB’s network to gain access to insurers.
- Consolidation of selected kinds of business with certain insurers, allowing them to achieve efficiencies and lower underwriting costs, while simultaneously improving policy terms and costs for our clients.

Superior service can lead to substantial benefits as the economy recovers and clients increase their spending on insurance by lowering deductibles, increasing limits or adding new kinds of coverage. Economic recovery also can lead to higher premiums paid for coverage—such as employee benefits, workers’ compensation and other casualty lines—that are tied to sales, payrolls, head counts or other measures of total corporate activity.

2002 Sources of Revenue



Serving the Client



Serving diverse and specialized markets in more than 100 cities across the United States and Canada, HUB employees are dedicated to providing high-quality, professional service.

Situation Analysis:

In hard or soft markets, the fundamentals of insurance brokerage are constant. Good brokers help their clients manage risks effectively. While macroeconomic issues will affect pricing and availability of coverage, the broker's job is to help clients make near-term decisions that will ensure protection from losses that might not be known for many years.

Hub International Business Plan:

HUB's brokerages offer a full range of insurance products and multiple delivery channels, along with a substantial network of relationships with large, high-quality insurers. To build customer relationships and long-term retention, HUB's brokerages can:

- Educate clients on market realities, risk assessment, and techniques for building insurer loyalty and responsiveness...which will increase client loyalty, as well. HUB's primary focus is on middle-market companies that appreciate the insights and service HUB provides.
- Increase the variety and availability of specialized insurance programs that include coverage combinations specifically designed for individual types of businesses.
- Strengthen wholesale operations that make us the critical link between smaller brokerages and insurers.

- Expand the knowledge base of brokerage staff through HUB Academy, established in 2002 as a uniform educational resource for all HUB brokerages. In 2003, HUB will expand this initiative to include more producers and add training programs for customer service representatives.
- Capitalize on cross-selling opportunities within client organizations. Although the buyer of property/casualty insurance is often different from the buyer of employee benefits at a corporation, there are not many layers between these individuals at the middle-market companies served by HUB.
- Increase local sales by utilizing corporate resources on specific types of risk, such as employee benefits, product liability or environmental hazard. In 2002, HUB established several practice leaders and teams to work together across the enterprise, helping local brokers identify and address new opportunities. Practice leadership roles will be expanded in 2003.
- Address challenges created by the hard market and changing practices of insurers. HUB's marketing executives, the experts who work directly with insurers (markets) on issues of coverage and policy terms, increased their joint discussions and planning with insurers in 2002.



“A challenging market environment can create opportunities to build deeper and more secure relationships with clients.”

A challenging market environment can create opportunities to build deeper and more secure relationships with clients. HUB’s employees are being encouraged to capitalize on these opportunities by learning more about client

needs, expanding cross-selling opportunities within client organizations and creating long-term relationships among our clients and insurer partners.

Supporting Specialized Risks

Recognizing that many industries have special insurance and risk management needs, HUB’s brokerages often provide expertise or group buying power to affinity groups and associations. Our brokerages offer an impressive array of specialized programs (coverage combinations) designed for the needs of more than 50 industries or professions, including:

- ❖ Accountants
- ❖ Aquaculture
- ❖ Architects & Engineers
- ❖ Attorneys
- ❖ Automobile Dealers
- ❖ Biotechnology
- ❖ Churches & Synagogues
- ❖ Contractors
- ❖ Construction
- ❖ Conventions & Events
- ❖ Credit Unions
- ❖ Drilling
- ❖ Dry Cleaners & Laundromats
- ❖ Environmental
- ❖ Financial Institutions
- ❖ Fine Art Dealers
- ❖ Fisheries
- ❖ Fuel, Oil, Propane & Gas Dealers
- ❖ Global Risk Businesses
- ❖ Government Agencies & Institutions
- ❖ Greenhouses
- ❖ Health Care
- ❖ Hospitality
- ❖ Jewelers & Furriers
- ❖ Labor Organizations
- ❖ Logging
- ❖ Manufacturing
- ❖ Medical Device Manufacturers
- ❖ Miscellaneous Liability
- ❖ Museums
- ❖ Mushroom Growers
- ❖ Pharmaceutical Manufacturers
- ❖ Pleasure Craft Owners
- ❖ Real Estate
- ❖ Rental Equipment
- ❖ Retirement & Extended Care Facilities
- ❖ Teachers
- ❖ Technology
- ❖ Transportation
- ❖ Veterinarians

Expanding the Franchise



The Hub Group (Ontario) Inc. provides a unique greenhouse insurance program that includes quality insurance protection for 345 greenhouse growers coast to coast. In general, greenhouse facilities range in size from one-half acre to the equivalent of 45 football fields under one glass or poly roof.

Situation Analysis:

The insurance brokerage industry is experiencing a significant consolidation phase, with active acquisition programs at many large brokerages, including HUB. At the same time, the industry remains highly fragmented, with an estimated 30,000 brokers in the United States alone. A hard insurance market increases the importance of large brokers to insurers and clients alike, creating an ideal environment for large brokerages to buy and for small brokers to sell. Buying the right brokerage at the right price...that's the challenge.

Hub International Business Plan:

HUB's expansion strategy to date has been focused on acquisitions of both large hub brokerages and smaller fold-in acquisitions that become part of our hubs. After being formed through the merger of 11 insurance brokerages in Canada in 1998, we acquired another 86 brokerages through 2002. Most of the recent acquisitions have been made in the

United States, which has grown to 61% of our revenues in 2002 from a strictly Canadian base in 1998. Today, HUB operates through five hubs in Canada and six hubs in the United States.

HUB added two U.S. hubs in 2002 with the acquisitions of Hooper, Hayes & Associates, Inc, based in Los Angeles, and the brokerage business of Fifth Third Bank, based in Evansville, Indiana.

Our goal is to complete our U.S. footprint by increasing to 15 U.S. hubs from the current six. Although we plan to acquire two-to-three hubs each year and focus primarily on acquisitions in the Southeast, Southwest and West, timing and geography will be driven by the availability, pricing and strategic fit of each acquisition. The acquisition of Hub International of Indiana expanded our relationships with both Fifth Third Bank and a key insurer, while adding management depth and customer relationships in attractive markets.

To build the Hub International franchise further, the company plans to:

- Identify and acquire entrepreneurially oriented brokerages that can complete the U.S. footprint. We estimate there are approximately 200–250 U.S. brokers large enough to become hubs, suggesting ample opportunity to achieve this goal.
- Maintain the core strategy of linking sellers' net worth to that of HUB. Large acquisitions frequently are structured to require sellers to accept approximately 50–70% of the purchase value in HUB shares to be held for periods ranging from 3–10 years.
- Focus on brokerages that offer strength in profitability, earnings consistency, local market insight and other areas. Especially important is the acquisition of brokerages that have shown the ability to grow organically in both hard and soft markets.

- Support the search for fold-in acquisitions by each hub, enabling them to fill geographic gaps or add specialized product or industry expertise.
- Maintain selection criteria and pricing discipline to maximize the likelihood of accretive acquisitions and continued organic growth after purchase.

Successful brokerage owners who sell their brokerages to HUB must be willing to maintain a strong commitment to build their businesses and to become an important part of a larger organization. HUB's long-term success—in acquisitions and in ongoing operations—will depend in large part on our ability to create a true and lasting partnership with these entrepreneurs.

Creating the Culture



As we increase in size, new training and communication initiatives can help our 2,500 employees accelerate adoption of best practices and increase our effectiveness in serving the customer.

Situation Analysis:

HUB expects to have combined approximately 100 brokerage firms under its banner before the U.S. footprint is complete, and more thereafter. HUB benefits from the local insight and entrepreneurial nature of its brokerage managers. However, decentralized organizations can suffer from duplicate costs, especially in general administration, incompatible databases and networks, inadequate communication and other challenges.

Hub International Business Plan:

Hub International continues to develop ways to make our brokerages more effective as competitors and more efficient as operators. We can identify and implement programs that minimize distractions and duplications, control overhead costs and encourage rapid adoption of our initiatives.

In order to create a productive Hub International culture and identity, we plan to:

- Intensify coordination and idea exchange among brokerage leaders through our Executive Committee and practice groups.
- Create internal connections and coordination below the senior executive level, including joint selling and training efforts. In 2002, we expanded this effort substantially by:
 - Launching HUB Academy, a brokerage and sales training program attended by new producers at several subsidiaries and funded in part by an important insurance partner. Producer classes will be expanded and new programs added for customer service representatives in 2003.
 - Selecting practice leaders to become company-wide resources in such fields as biotechnology, environmental risk, global risk, professional liability, bonding, transportation, etc.
 - Connecting product specialists, such as employee benefits experts, through informal company networks that meet to discuss best practices, challenges and solutions.



HUB's C.J. McCarthy brokerage provides a first-of-its-kind national program offering products such as insurance, financial services and risk management solutions tailored to fit the needs of biotechnology companies.

- Broadening coordination efforts beyond producers to include market experts, marketing communicators and other key talents.
- Distributing newsletters and awards from the corporate level, which encourages replication of techniques and initiatives that work.
- Tie executive compensation plans to HUB's overall performance, such as we achieved in 2002 with a revised senior-management bonus program.
- Enhance systems to enable brokerages to share insights and track information in comparable formats; standardize reporting and training modules to increase consistency.
- Consider branding initiatives that increase both marketplace recognition of Hub International and customer awareness that local brokerages are part of HUB.

The Hub International culture should fit the individual entrepreneurial cultures of our subsidiaries. A primary role of our Executive Committee is to accelerate buy-in at the local level and demonstrate real-world benefits of HUB initiatives.

HUB Practice Leaders

HUB's employees represent a formidable talent pool with substantial insights into hundreds of insurance products and client needs. Recently, we selected experts across our company to serve as mentors and practice leaders for other employees who can benefit from their industry insight. We plan to expand this group in 2003 and beyond. The network already includes leaders in the following fields:

- | | |
|--|---|
| ❖ <i>Employee Benefits, Consulting and Wealth Management</i> | ❖ <i>Global Risk Solutions</i> |
| ❖ <i>Environmental</i> | ❖ <i>Financial Institutions</i> |
| | ❖ <i>Lawyers Professional Liability</i> |

Managing the Numbers

HUB's brokerages in British Columbia, TOS Insurance Services Ltd. and Barton Insurance Brokers Ltd., together write 18% of all auto insurance in that province.

Situation Analysis:

Reducing the time required to convert a lead into a sale or raising the profitability of an insurer relationship can add measurably to overall financial performance. Equally important, effective management of overhead expense and financial assets can increase our rate of profitable growth.

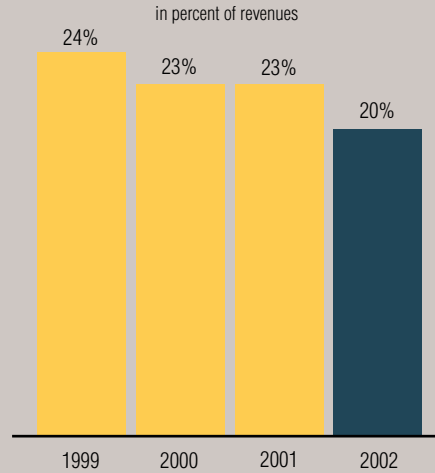
Hub International Business Plan:

In a decentralized organization like ours, we can improve margins by identifying opportunities to eliminate overlap or gaps at the subsidiary level, manage cash flows and reduce risk. To accomplish these objectives we can:

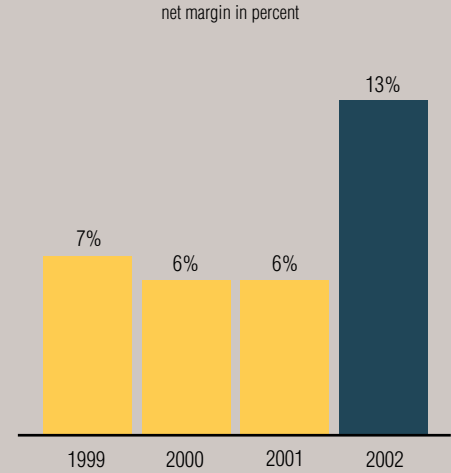
- Coordinate with selected insurers to increase volume or create specialized product combinations that can yield profitable market penetration. As insurers seek to reduce costs and risk by relying on a smaller roster of elite brokerages, Hub International must raise its profile as the brokerage of choice.

- Expand financial benchmarking and reporting among our hub brokerages. Our Executive Committee, comprised of our senior officers and the presidents of our hub brokerages, offers an invaluable resource in developing solutions for our brokerages.
- Establish benchmarks of customer satisfaction, productivity and other measurements. This “best practices” effort can yield enhanced training and compensation programs as we identify superior practices among our brokerages and share them throughout our organization.
- Establish national purchasing plans, vendor consolidations and system compatibility initiatives that reduce costs and increase efficiencies without negative impact on local operations.
- Increase the use of third-party premium financing, which can increase profitability and reduce receivables collection risk.

Managing Overhead Costs



Improving the Bottom Line



- Negotiate enriched contingent commissions and volume overrides with insurers. These added payments result from both higher volume and overall profitability of business placed by HUB with specific insurers. Today, HUB places at least \$20 million in premium dollars with each of more than 20 insurers.
- Eliminate duplicative processes and standardize procedures at brokerages, leading to lower administrative costs.

Effective financial management can improve margins by limiting expense and identifying beneficial opportunities, both at the subsidiary and holding company levels. Compatible reporting and data networks can facilitate measurement, benchmarking and best-practices adoption, thereby enhancing the value of HUB's contribution to its operating brokerages.

Key HUB Insurer Relationships

Hub International places coverage with more than 150 insurers around the globe, including all of the partners listed below:

- | | |
|---|--|
| ❖ <i>American International Group</i> | ❖ <i>Insurance Corporation of British Columbia</i> |
| ❖ <i>Allmerica Financial</i> | ❖ <i>ING Group</i> |
| ❖ <i>Atlantic Mutual</i> | ❖ <i>Interstate Insurance Group</i> |
| ❖ <i>Blue Cross-Blue Shield</i> | ❖ <i>Liberty Insurance Associates</i> |
| ❖ <i>CGU Group Canada</i> | ❖ <i>Lloyd's of London</i> |
| ❖ <i>Chubb Group of Insurance Companies</i> | ❖ <i>Lombard Canada Ltd.</i> |
| ❖ <i>Cigna Healthcare Corporation</i> | ❖ <i>The Hartford Financial Services Group, Inc.</i> |
| ❖ <i>The Cincinnati Insurance Company</i> | ❖ <i>The St. Paul Companies</i> |
| ❖ <i>CNA Financial Corporation</i> | ❖ <i>Travelers Property Casualty</i> |
| ❖ <i>Dominion of Canada</i> | ❖ <i>UnitedHealth Group</i> |
| ❖ <i>GuideOne Insurance</i> | ❖ <i>Zurich</i> |

Corporate Information

BOARD OF DIRECTORS

Martin P. Hughes

Chairman and Chief Executive Officer

Richard A. Gulliver

President and Chief Operating Officer

Bruce D. Guthart

*President, United States Operations;
President and Chief Executive Officer,
Kaye Group Inc.*

R. Craig Barton

*President, Canadian Operations;
President and Chief Executive Officer,
Barton Insurance Brokers Ltd.*

Anthony Griffiths*

Independent Consultant

Jean Martin

*Vice-President; President and
Chief Executive Officer, Martin
Assurance & Gestion de Risques Inc.*

Paul Murray*

President, Pinesmoke Investments Ltd.

Bradley P. Martin*

*Vice-President, Fairfax Financial
Holdings Limited*

*Member of Audit Committee, Compensation Committee and Nominating and Governance Committee

CORPORATE OFFICERS

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R. Craig Barton

*President, Canadian Operations;
President and Chief Executive Officer,
Barton Insurance Brokers Ltd.*

Dennis J. Pauls

*Vice-President and
Chief Financial Officer*

W. Kirk James

*Vice-President, Secretary and
General Counsel*

Jean Martin

*Vice-President; President and
Chief Executive Officer, Martin
Assurance & Gestion de Risques Inc.*

Peter L. Scavetta

Vice-President, Finance

John R. Curran

Vice-President, Marketing

Darlene J. Jacus

Chief Information Officer

Deborah K. Wilson

Chief Technology Officer

Michael P. Sabanos

*Director, Mergers and Acquisitions;
Executive Vice President and
Chief Financial Officer, Kaye Group Inc.*

Julie Zimmer

Director, Special Projects

EXECUTIVE COMMITTEE

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Chief Financial Officer*

W. Kirk James

*Vice-President, Secretary and
General Counsel*

Jean Martin

*Vice-President; President
and Chief Executive Officer, Martin
Assurance & Gestion de Risques Inc.*

Nelson Tilander

*Chief Executive Officer,
The Hub Group (Ontario) Inc.*

Charles C. Burnham

*President and Chief Executive Officer,
Burnham Insurance Group, Inc.*

Richard J. Palleschi

*President, C.J. McCarthy Insurance
Agency, Inc.*

Larry Lineker

*President and Chief Executive Officer,
TOS Insurance Services Ltd.*

Joseph P. Flanagan

*President and Chief Executive Officer,
Mack and Parker, Inc.*

Terri DiFlorio

President, Hub Financial, Inc.

Frank C. Hayes

*President, Hub International
of California, Inc.*

Roger Forystek

*President and Chief Executive Officer,
Hub International of Indiana Limited*

U.S. EXECUTIVE OFFICE

55 East Jackson Boulevard
Chicago, IL 60604-4187
877-402-6601

CANADIAN OFFICE

8 Nelson Street West
Brampton, Ontario L6X 4J2

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP

TRANSFER AGENT AND REGISTRAR

CIBC Mellon Trust Company
Mellon Investor Services LLC
(U.S. Co-Transfer Agent)

SHARE LISTING

New York Stock Exchange
The Toronto Stock Exchange
Stock Symbol: HBG

ANNUAL MEETING

The annual meeting of the shareholders of Hub International Limited will be held on Tuesday, May 6, 2003 at 9:30 a.m., Central Time, at The Harold Washington Library Center, 400 S. State Street, Chicago, IL USA.

Safe Harbor Statement

This document may contain forward-looking statements which reflect our current views with respect to future events and financial performance. These forward-looking statements relate, among other things, to our plans and objectives for future operations and are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other factors include, but are not limited to, risks associated with implementing our business strategies, identifying and consummating acquisitions, integrating acquired brokerages, attaining greater market share, developing and implementing effective information technology systems, recruiting and retaining qualified employees, fluctuations in the premiums charged by insurance companies with corresponding fluctuations in our premium-based revenue, any loss of services of key executives, industry consolidation, increased competition in the industry, fluctuations in the demand for insurance products and the passage of new legislation subjecting our business to regulation in jurisdictions where we operate. We caution readers not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Additional information regarding these risks and other factors that could cause our actual results to differ materially from our expectations are contained in our filings with the U.S. Securities and Exchange Commission and Canadian securities commissions. Except as otherwise required by securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



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