

2022



Agency Performance Analysis

Performed for:
Sample Agency*

Fiscal Year End:
December 31, 2022

Comparison Group:
2022 Best Practices Agencies-All

BIG i[®]
BEST PRACTICES.

 **REAGAN**

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RANKING OF KEY OPERATING METRICS

EXPLANATION OF RANKINGS: The ranking below is provided to show 27 of the most important operating metrics for the typical insurance agency or brokerage. We have provided a breakdown to highlight your best metrics (Top Scores), your lowest metrics (Bottom Scores), and the remaining metrics that fall in the middle for your firm. Each item is also compared to your peer group in the column titled "Rank." For example, "10%-" suggests that your results are either in the bottom 10% or fall short of all of the firms in your peer comparison group. "90%+" suggests that your results are in the top 10% of all the firms in your peer comparison group.

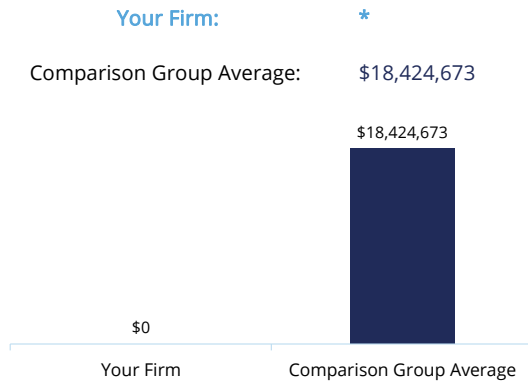
	Page	Your Firm's Top Scoring Key Operating Metrics:	Rank
YOUR TOP SCORES	Page 11	Pro Forma EBITDA Margin (Profitability)	*
	Page 15	Multi-line Producer - Average Book of Business	*
	Page 9	Sales Velocity	*
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	Page	Key Operating Metric:	Rank
	Page 8	Group Medical Growth (Organic)	*
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	Page 8	Individual L/H/F Growth (Organic)	*
	Page 11	Pro Forma Operating Profit as % of Net Revenues	*
	Page 8	Net Commissions & Fees Growth (Organic)	*
	Page 8	Bonds/Surety Growth (Organic)	*
	Page 13	Current Ratio	*
	Page 8	Personal P&C Growth (Organic)	*
	Page 13	% of Receivables Aged Past 90 Days	*
	Page 13	Receivable to Payable Ratio	*
	Page 14	Pro Forma Revenue per Employee	*
	Page 14	Pro Forma Spread per Employee	*
	Page 13	Tangible Net Worth as % of Net Revenues	*

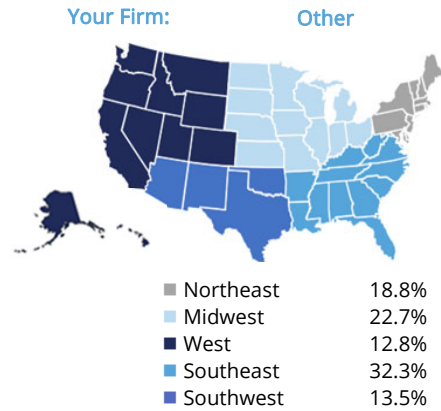
	Page	Your Firm's Bottom Scoring Key Operating Metrics:	Rank
YOUR BOTTOM SCORES	Page 8	All Other Group L&H Growth (Organic)	*
	Page 15	New Commissions Produced per Commercial P&C Producer	*
	Page 15	New Commissions Produced per L/H/F Producer	*
	Page 15	New Commissions Produced per Personal P&C Producer	*
	Page 12	Value Creation Calculation (Rule of 20)	*
	Page 16	NUPP as % of Net Revenue	*
	Page 15	New Commissions Produced per Multi-line Producer	*

AGENCY SNAPSHOT

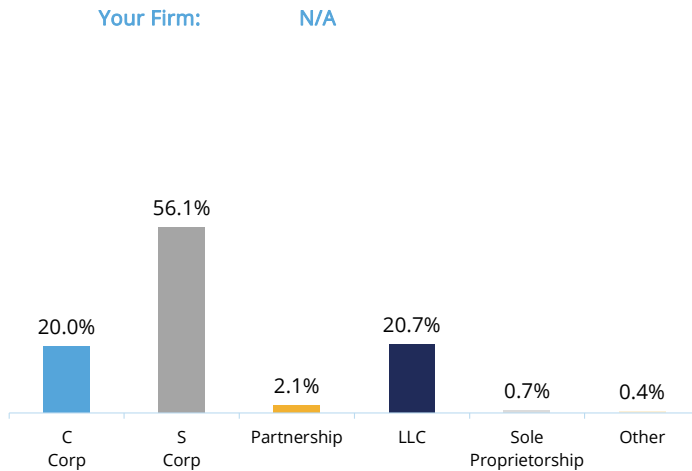
Revenues



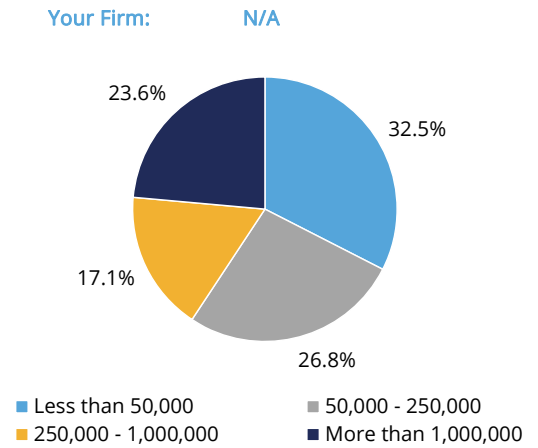
Regional Distribution



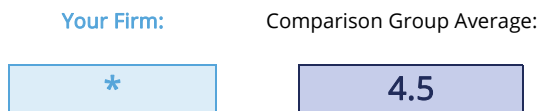
Corporate Structure



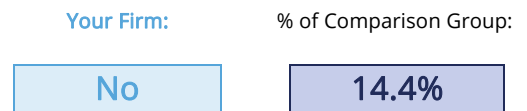
Population Density of Home Office Metropolitan Area



Number of Agency Locations



Branch / Subsidiary of Another Corporation*

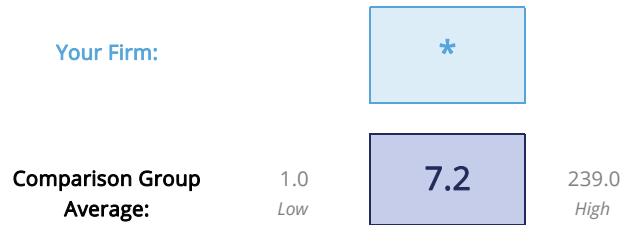


*(e.g., bank owned, owned by national or regional broker, etc.)

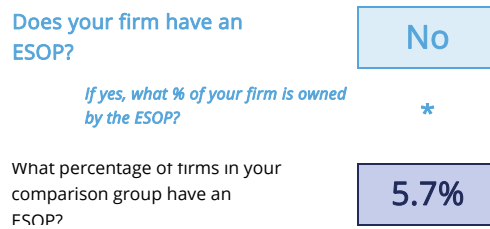
OWNERSHIP PROFILE

Note that if your firm is a branch or subsidiary of another corporation, this section will not apply.

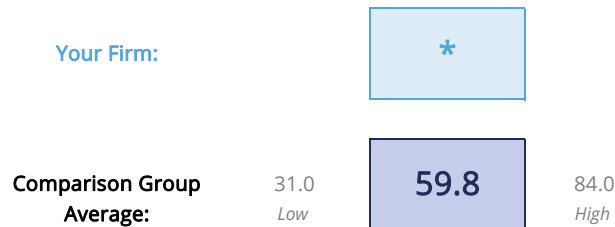
Number of Shareholders



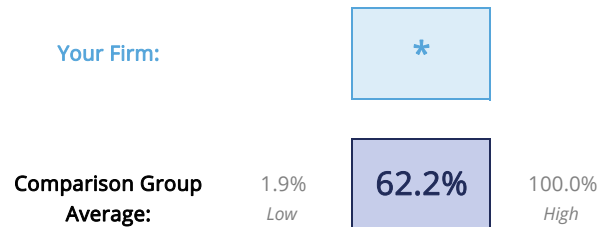
Employee Stock Ownership Plans (ESOPs)



Age of Largest Shareholder

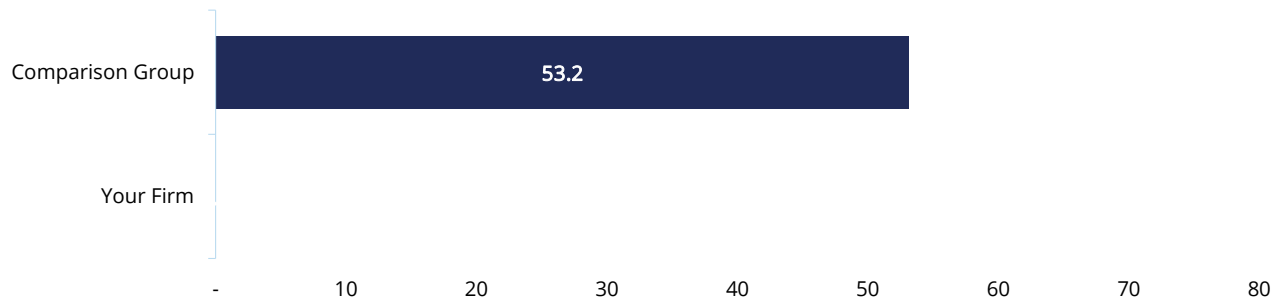


Ownership of Largest Shareholder



Weighted Average Shareholder Age (WASA)

How old is your ownership team? Is ownership concentrated among the older shareholders, or is it spread out among a wider age group?



REVENUES

Acquisitions

% of Agencies Making Acquisitions in the Last Fiscal Year:

22.3%

Your Firm:

*

Average Annualized Commissions Acquired:

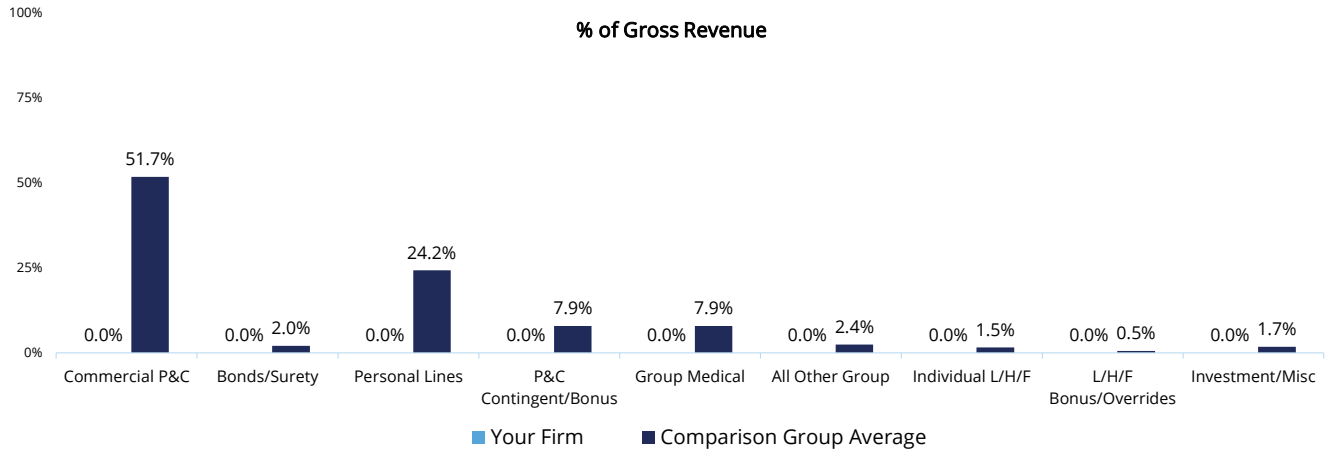
Comparison Group:

\$5,596,923

REVENUES

Revenue by Source

	Your Firm				Comparison Group
	Reported Amount	Pro Forma Adjustments	Pro Forma Amount	% of Total Revenues	Average
Property & Casualty					
Commercial Commissions & Fees	*	*	*	*	51.7%
Bonds/Surety	*	*	*	*	2.0%
Personal Commissions & Fees	*	*	*	*	24.2%
Contingent/Bonus	*	*	*	*	7.9%
Total P&C	*	*	*	*	85.9%
Life & Health/Financial					
Group Medical Comm & Fees	*	*	*	*	7.9%
All Other Group Comm & Fees	*	*	*	*	2.4%
Individual L/H/F Comm & Fees	*	*	*	*	1.5%
Bonus/Overrides	*	*	*	*	0.5%
Total L/H/F	*	*	*	*	12.4%
Investment	*	*	*	*	0.5%
Miscellaneous	*	*	*	*	1.2%
Gross Revenues	*	*	*	*	100.0%
Brokerage Comm Expense	*	*	*	*	1.0%
Net Revenues	*	*	*	*	99.0%



All Other Group L/H/F Revenue

This is a breakdown of commissions and fees listed under "All Other Group Life, Health, and Financial" revenues.

Agency All Other Group L/H/F % of Revenues:	Your Firm's All Other Group L/H/F Revenue	Your Firm's % of All Other Group L/H/F Revenue	Comparison Group's % of All Other Group L/H/F Revenue
Your Firm			
*	#VALUE!	*	20.1%
	#VALUE!	*	16.9%
	#VALUE!	*	33.0%
	#VALUE!	*	3.5%
	#VALUE!	*	9.8%
	#VALUE!	*	1.4%
	#VALUE!	*	2.2%
	#VALUE!	*	13.1%
Comparison Group			
2.4%	#VALUE!	0.0%	100.0%

REVENUES

Account Concentration

Largest Single Account (% of Net Revenue)

Your Firm:		*	
Comparison Group Average:	1.0% <i>Low</i>	3.9%	30.5% <i>High</i>

Ten Largest Accounts (% of Net Revenue)

Your Firm:		*	
Comparison Group Average:	1.2% <i>Low</i>	14.1%	66.7% <i>High</i>

Account Size

Commercial P&C

as measured by commissions and fees

		Your Firm	Grp Average
Greater than \$50K	% of Book	*	22.8%
	# of Accounts	*	33.7
	Total Revenue	*	\$5,080,997
	Revenue per Account	*	\$103,967
Between \$25K and \$50K	% of Book	*	12.2%
	# of Accounts	*	40.7
	Total Revenue	*	\$1,418,436
	Revenue per Account	*	\$33,827
Between \$10K and \$25K	% of Book	*	16.3%
	# of Accounts	*	105.0
	Total Revenue	*	\$1,605,251
	Revenue per Account	*	\$15,002
Between \$5K and \$10K	% of Book	*	12.7%
	# of Accounts	*	126.2
	Total Revenue	*	\$901,246
	Revenue per Account	*	\$7,007
Less than \$5K	% of Book	*	36.0%
	# of Accounts	*	2,474.6
	Total Revenue	*	\$1,881,588
	Revenue per Account	*	\$905

Group L/H/F

as measured by number of lives

		Your Firm	Grp Average
Over 100 Lives	% of Book	*	30.2%
	# of Accounts	*	36.6
	Total Revenue	*	\$2,288,639
	Revenue per Account	*	\$40,278
50-100 Lives	% of Book	*	16.7%
	# of Accounts	*	27.6
	Total Revenue	*	\$562,641
	Revenue per Account	*	\$15,684
Under 50 Lives	% of Book	*	53.1%
	# of Accounts	*	224.1
	Total Revenue	*	\$1,081,941
	Revenue per Account	*	\$6,018

Note: Comparison Group Averages are based on the average for each individual line item and therefore may not validate when attempting to replicate calculations.

Agency Specialization

	Your Firm	as % Net Revenue	% of Agencies with any Specialty Revenue	Average Total Specialty Revenue ¹	Average % Net Revenue ¹
Agency Total Specialty Revenue	*	*	68.8%	\$9,012,690	38.1%

¹ Only for those firms who reported specialty revenues.

	% of Comparison Grp with Specialty	Your Firm's Revenues from this Specialty	Your Firm's Revenues from Specialty as % of NR	For firms that specialize in this, what % of NR is from this specialty?
Agriculture	20.6%	*	*	5.2%
Construction	48.6%	*	*	15.6%
Energy	13.5%	*	*	4.8%
Government/Municipality	24.8%	*	*	5.6%
Healthcare	27.3%	*	*	5.7%
Hospitality	21.3%	*	*	3.5%
Manufacturing	26.6%	*	*	6.7%
Mgmt Liability / D&O	16.7%	*	*	3.2%
Non-profits	20.6%	*	*	4.8%
Real Estate	29.8%	*	*	7.8%
Schools/Education	22.3%	*	*	5.2%
Technology	14.5%	*	*	2.8%
Transportation	27.7%	*	*	5.8%
Other	33.0%	*	*	14.0%
TOTAL		\$0	0.0%	

REVENUE GROWTH

Revenue Growth by Source

	Your Firm		Comparison Group	
	Amount	% Prior Year	Median	Top Quartile
Total Commissions and Fees				
Renewal Business	*	*	95.3%	109.3%
New Business	*	*	14.0%	25.7%
Acquired Business	*	*	0.0%	6.1%
TOTAL GROWTH	*	*	9.9%	37.3%
ORGANIC GROWTH	*	*	9.3%	21.8%
Brokerage Commission Expense	*	*	4.3%	42.7%
Net Commissions and Fees				
TOTAL GROWTH	*	*	9.6%	23.2%
ORGANIC GROWTH	*	*	9.2%	21.9%
P&C Contingent Income	*	*	0.0%	34.1%
L/H/F Bonus Income	*	*	-3.6%	25.9%
Investment Income	*	*	-3.2%	27.7%
Miscellaneous Income	*	*	0.0%	103.4%
NET REV TOTAL GROWTH	*	*	9.4%	23.5%
NET REV ORGANIC GROWTH	*	*	8.5%	22.7%

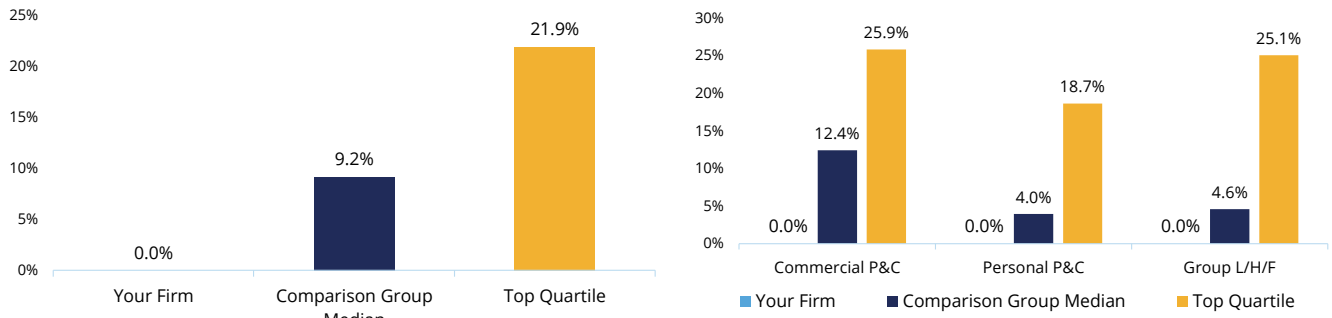
Growth in Commissions and Fees by Line of Business

	Your Firm		Comparison Group	
	Amount	% Prior Year	Median	Top Quartile
Commercial P&C				
Renewal Business	*	*	98.2%	115.5%
New Business	*	*	13.0%	40.0%
Acquired Business	*	*	0.0%	5.5%
TOTAL GROWTH	*	*	12.7%	26.8%
ORGANIC GROWTH	*	*	12.1%	25.8%
Bonds/Surety				
Renewal Business	*	*	35.0%	128.7%
New Business	*	*	19.2%	137.1%
Acquired Business	*	*	0.0%	5.5%
TOTAL GROWTH	*	*	5.4%	53.9%
ORGANIC GROWTH	*	*	5.0%	52.5%
Personal P&C				
Renewal Business	*	*	92.7%	111.8%
New Business	*	*	10.5%	30.0%
Acquired Business	*	*	0.0%	8.5%
TOTAL GROWTH	*	*	5.1%	21.7%
ORGANIC GROWTH	*	*	4.0%	18.7%
Group Medical				
Renewal Business	*	*	89.5%	153.0%
New Business	*	*	5.5%	40.4%
Acquired Business	*	*	0.0%	4.3%
TOTAL GROWTH	*	*	4.4%	24.7%
ORGANIC GROWTH	*	*	4.3%	24.6%
All Other Group				
Renewal Business	*	*	0.0%	119.1%
New Business	*	*	0.0%	35.6%
Acquired Business	*	*	0.0%	1.0%
TOTAL GROWTH	*	*	2.5%	24.7%
ORGANIC GROWTH	*	*	3.3%	26.9%
Individual L/H/F				
Renewal Business	*	*	34.2%	109.5%
New Business	*	*	21.6%	142.0%
Acquired Business	*	*	0.0%	1.6%
TOTAL GROWTH	*	*	1.9%	27.4%
ORGANIC GROWTH	*	*	1.9%	27.0%

Note: The median is the mid-point in a list of data – it is different than the mean or average. Median data cannot be added/subtracted to arrive at related medians. Each data point presented above (Renewal Business %, New Business %, Total Growth %, Organic Growth %, etc.) must be viewed as a discrete median data point.

ORGANIC GROWTH AND SALES VELOCITY

Organic Growth in Net Commissions and Fees – Total Agency and by Line of Business



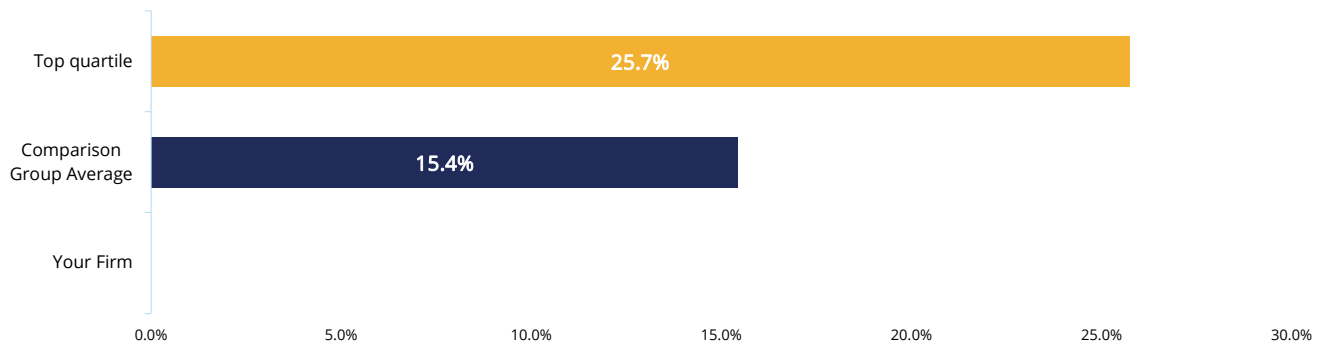
Note: Commercial P&C includes Bonds/Surety; Group L/H/F includes Group Medical, All Other Group, and Individual L/H/F.

Sales Velocity – Total Agency

What is the agency's new business contribution to organic growth?

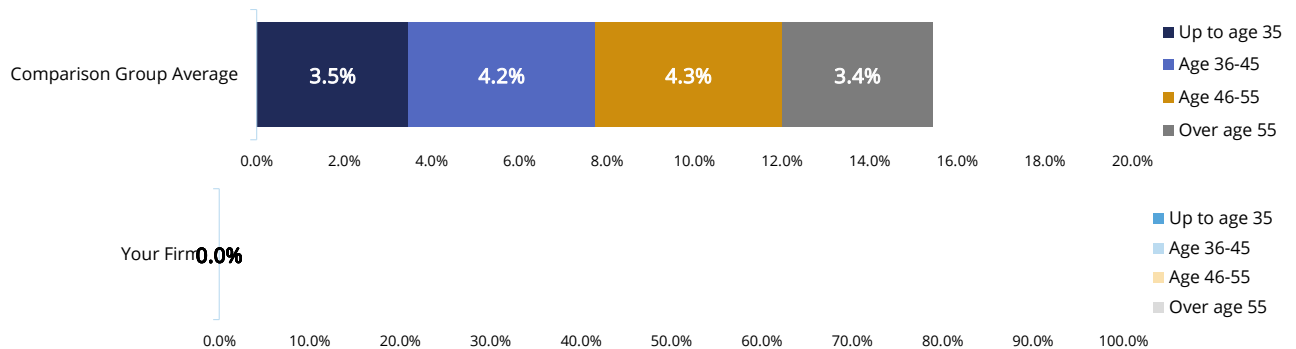
Organic growth is the result of a combination of retention, pricing, and new business. Sales velocity, on the other hand, isolates the component of organic growth that an agency can most influence – new business. Is your sales engine strong enough to produce enough new business to hit your growth rates after the effects of customer attrition & pricing changes?

$$\text{SALES VELOCITY} = \frac{\text{This year's new business}}{\text{Last year's net commissions and fees}}$$



Age Banding of Sales Velocity

How old are those producing your firm's new business? Is your new business highly concentrated among a single age band or is it spread out across producers of all ages?



EXPENSES

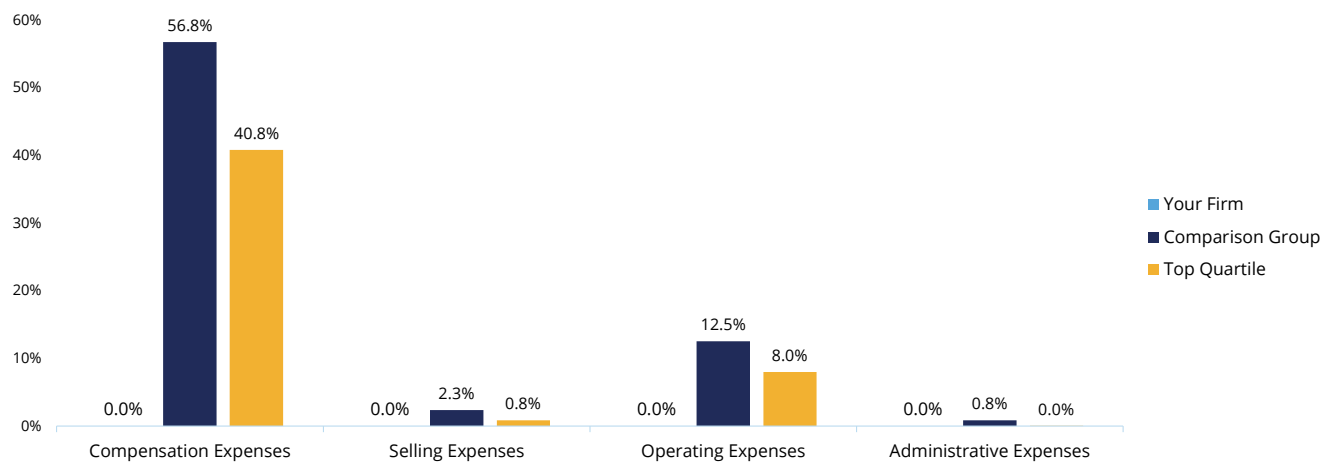
	Your Firm				Comparison Group	
	Reported Amount	Pro Forma Adjustments	Pro Forma Amount	Percent of Pro Forma Net Revenues	Pro Forma Average	Top Quartile ¹
Compensation						
<u>Payroll</u>						
Employees	*	*	*	*	45.9%	29.7%
"Non-employees"- 1099						
Producers & outsourced labor	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>2.6%</u>	<u>0.0%</u>
Total Payroll	*	*	*	*	48.5%	33.5%
<u>Benefits</u>						
Payroll Taxes	*	*	*	*	3.2%	2.2%
Retirement	*	*	*	*	1.6%	0.3%
Insurance	*	*	*	*	3.3%	1.4%
Other	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>0.2%</u>	<u>-0.1%</u>
Total Benefits	*	*	*	*	8.3%	5.1%
Total Compensation	*	*	*	*	56.8%	40.8%
Selling						
Travel and Ent./Conventions	*	*	*	*	0.8%	0.1%
Automobile Expense	*	*	*	*	0.5%	0.0%
Advertising/Promotions	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>1.1%</u>	<u>0.2%</u>
Total Selling	*	*	*	*	2.3%	0.8%
Operating						
Occupancy Expenses ²	*	*	*	*	3.7%	2.0%
Office Equipment Expenses	*	*	*	*	0.3%	0.0%
IT Expenses	*	*	*	*	2.7%	1.1%
Telephone	*	*	*	*	0.5%	0.2%
Postage	*	*	*	*	0.2%	0.0%
Supplies/Printing	*	*	*	*	0.5%	0.1%
Dues/Subscrip./Contributions	*	*	*	*	0.8%	0.2%
Taxes/Licenses	*	*	*	*	0.4%	0.1%
Insurance	*	*	*	*	1.2%	0.6%
Professional Fees	*	*	*	*	0.9%	0.1%
Bad Debts	*	*	*	*	0.1%	0.0%
Outside Services	*	*	*	*	0.7%	0.0%
Education/Training	*	*	*	*	0.3%	0.0%
Miscellaneous	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>0.4%</u>	<u>-0.1%</u>
Total Operating	*	*	*	*	12.5%	8.0%
Administrative						
Depreciation	*	*	*	*	0.8%	0.0%
Amortization of Intangibles	*	*	*	*	0.0%	0.0%
Officer Life	*	*	*	*	0.0%	0.0%
Interest	*	*	*	*	0.0%	0.0%
Other	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>0.0%</u>	<u>0.0%</u>
Total Administrative	*	*	*	*	0.8%	0.0%
TOTAL EXPENSES	*	*	*	*	72.5%	54.9%
PRE-TAX PROFIT/LOSS	*		*	*	27.5%	45.1%
EBITDA³	*		*	*	26.2%	39.6%

¹ Top quartile for these metrics are those with the lowest expense, which does not necessarily indicate the best performance in all cases.

² For firms that own their building and reported a much lower than peer expense load, we have normalized their occupancy expense.

³ Pro Forma EBITDA excludes all administrative expenses (depreciation, amortization of intangibles, officer life, interest and other).

PRO FORMA EXPENSES AND PROFITABILITY

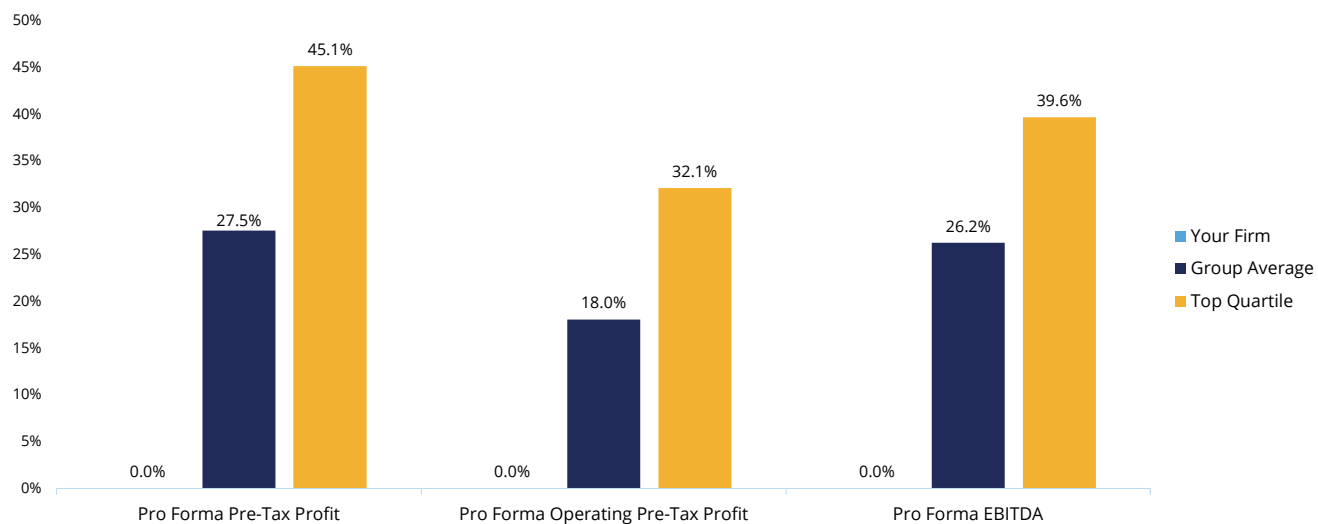


Profitability

	Your Firm		Comparison Group	
	Amount	Percent of Net Revenues	Average	Top Quartile
Pre-Tax Profit	*	*	22.7%	42.3%
Pro Forma Pre-Tax Profit	*	*	27.5%	45.1%
Operating Profit ¹	*	*	15.5%	36.6%
Pro Forma Operating Profit	*	*	18.0%	32.1%
EBITDA	*	*	24.2%	38.6%
Pro Forma EBITDA ²	*	*	26.2%	39.6%

¹ Operating profit is pre-tax profit less contingent income and less bonus/override income.

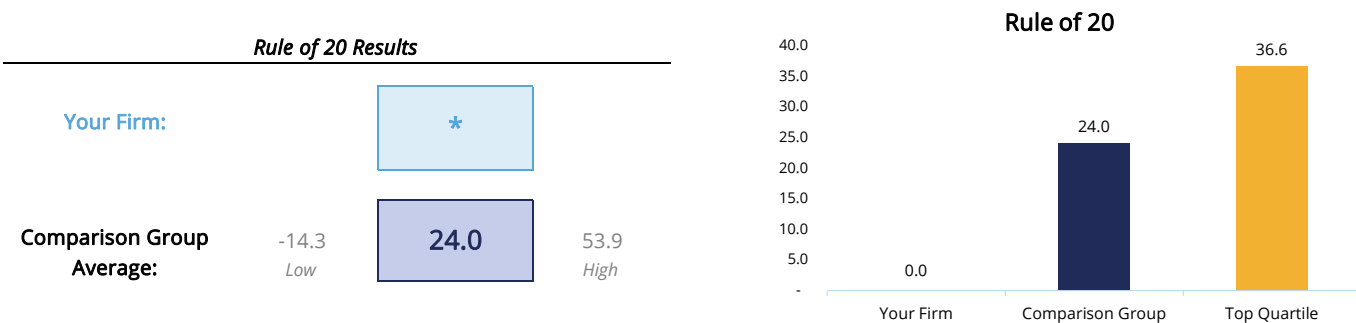
² Pro Forma EBITDA excludes all administrative expenses (depreciation, amortization of intangibles, officer life, interest and other).



AGENCY VALUE AND SHAREHOLDER RETURNS

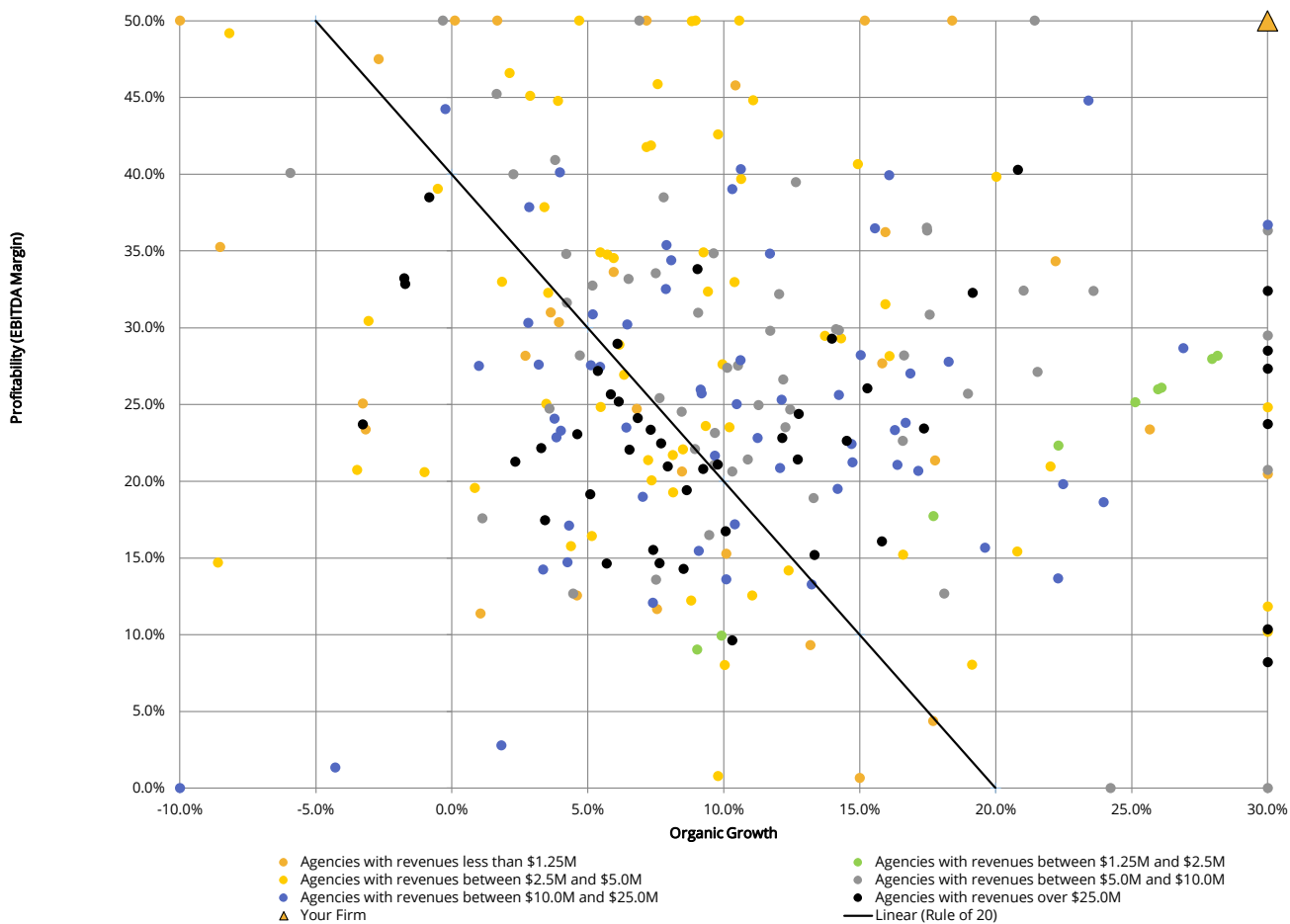
The Rule of 20

Agency value is driven by organic growth and profitability. The "Rule of 20" provides a quick means of calculating whether or not an agency is creating significant returns for its shareholders. It is the sum of 1/2 an agency's pro forma EBITDA margin plus its net organic commissions and fees growth rate. A score of 20 or more indicates excellent performance.



Rule of 20 Results in the Best Practices Study

The graph below provides a look at the Rule of 20 results for agencies included in the Best Practices Study. The solid black line represents all combinations of organic growth and EBITDA margin that result in a Rule of 20 score of 20. The scatter plot shows the wide range of organic growth and profitability results in the study. *Note: Firms whose results qualify them as statistical outliers have been set to have a minimum growth of -10% and a maximum of 30%, or a minimum profitability of 0% or maximum of 50%. They appear on the graph line bordering the chart instead of plotting their actual results.*



FINANCIAL STABILITY AND DEBT METRICS

Balance Sheet Metrics

	Your Firm		Comparison Group	
	Amount	Percent	Average	Top Quartile
Working Capital	*			
Current Ratio	*		1.83:1	3.37:1
Trust Ratio	*		2.39:1	3.95:1
Stockholders Equity	*			
Tangible Net Worth (\$)	*			
Tangible Net Worth (% of Net Rev)		*	12.1%	30.3%
Receivables/Payable Ratio		*	45.6%	4.7%
Accounts Receivables:				
% Receivables Aged 61-90 Days	*	*	14.3%	-2.8%
% Receivables Aged Past 90 Days	*	*	4.0%	-38.8%
% of P&C Revenues - Agency Billed		*	31.0%	N/A
% of P&C Revenues - Direct Billed		*	69.0%	N/A

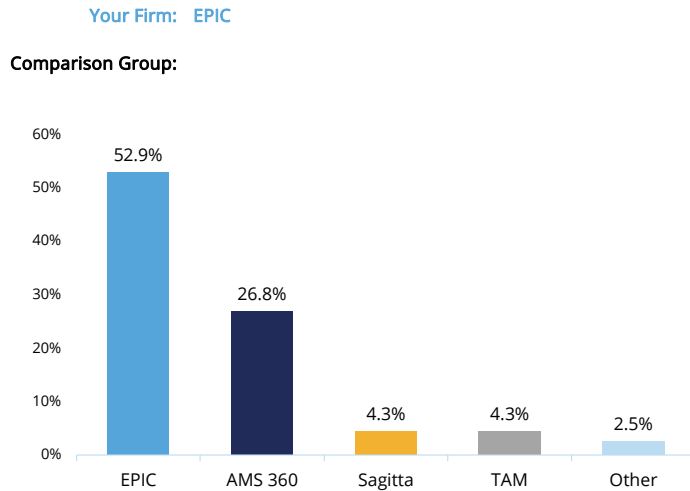
Debt Metrics

Note: metrics shown are only for firms that have debt and that have provided detailed data regarding their debt.

	Your Firm		Comparison Group	
	% of All Loans by Source Type		% of All Loans by Source Type	
Loan / Obligation Source:				
Community Bank	*		41.8%	
Industry Lender	*		6.5%	
Private Equity Lender	*		6.3%	
Shareholder	*		30.7%	
Other	*		14.7%	
% of Firms that have Identified Debt			51.6%	
Average Total Debt	*		\$4,702,245	
Total Leverage (Total Debt / Pro Forma EBITDA)	*		1.3x	
Average Effective Interest Rate	*		4.2%	
Average Term (Years to Maturity)	*		6.7	

TECHNOLOGY

Top 5 Agency Management Systems Used in Home Office



Note: only the Top 5 systems are shown; additional participant choices not reflected.

Number of IT Employees

Note: Includes regularly outsourced IT support staff



IT Payroll as a % of Pro Forma Net Revenue

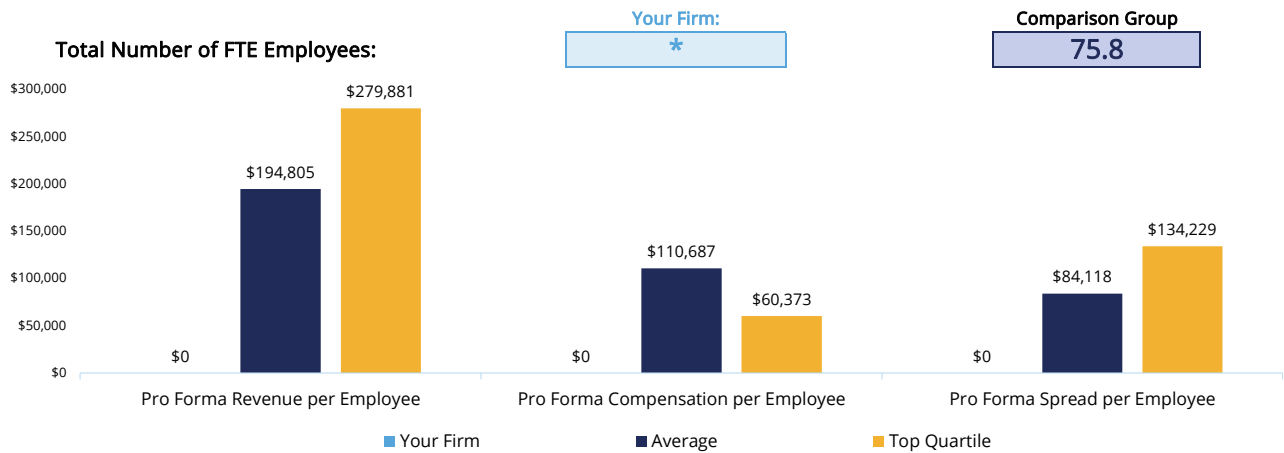


IT Expenses (non-compensation) as a % of Pro Forma Net Revenue

Note: Excludes hardware depreciation and software amortization



PRODUCTIVITY



STAFFING

Administrative Support Staff

	Your Firm	% Having in Comparison Group
HUMAN RESOURCES		
Does Agency have HR Employees?	Yes	#N/A
For Agencies with HR Employees:		
Number of Employees	*	1.5
Payroll as % of Net Revenue	*	0.9%
ACCOUNTING		
Does Agency have Accounting Employees?	Yes	#N/A
For Agencies with Accounting Employees:		
Number of Employees	*	2.9
Payroll as % of Net Revenue	*	1.6%
MARKETING EMPLOYEES		
Does Agency have Marketing Employees?	Yes	#N/A
For Agencies with Marketing Employees:		
Number of Employees	*	3.2
Payroll as % of Net Revenue	*	1.6%

STAFFING

Service and Sales Support Staff

*LOB = Line of Business excluding contingent/override income

PROPERTY & CASUALTY

	Your Firm				Comparison Group			
	Does your Agency have this Employee Type?	Number	Avg. LOB Revenue per Staff	Payroll as a % of LOB Revenue	% of Agencies Having this Employee Type	In Agencies that Have, Number of Employees	Avg. LOB Revenue per Staff	Payroll as a % of LOB Revenue
Commercial	Yes	*	*	*	#N/A	24.2	\$421,342	19.0%
Personal	Yes	*	*	*	#N/A	8.6	\$251,226	24.2%
CL Claims	Yes	*	*	*	#N/A	3.0	\$6,617,251	1.8%
PL Claims	Yes	*	*	*	#N/A	0.8	\$5,110,955	3.3%
P&C Value Added Service Staff	Yes	*	*	*	#N/A	*	*	*

LIFE & HEALTH/FINANCIAL

	Your Firm				Comparison Group			
	Does your Agency have this Employee Type?	Number	Avg. LOB Revenue per Staff	Payroll as a % of LOB Revenue	% of Agencies Having this Employee Type	In Agencies that Have, Number of Employees	Avg. LOB Revenue per Staff	Payroll as a % of LOB Revenue
Life & Health/Financial	Yes	*	*	*	#N/A	11.3	\$392,736	20.0%
L/H/F Value Added Service Staff	Yes	*	*	*	#N/A	*	*	*

Support Staff Pay

This section provides payroll information for the service staff positions listed below (or your agency's equivalent position). Information is provided for dedicated employees only (those spending 100% of their time in this position) and includes total salaries, commissions and bonuses, but does not include payroll taxes or benefits. *Note: TPA staff is excluded. For detailed definitions of these positions, please see pages 20 and 21 of this APA.*

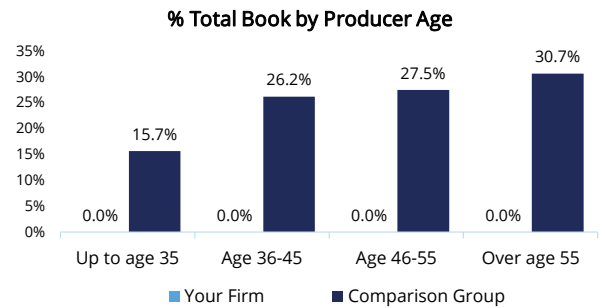
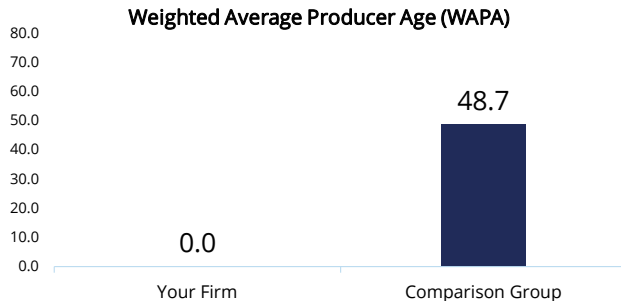
	Your Firm	Comparison Group (Median Data)		
	Average Pay	Bottom Quartile	Average Pay	Top Quartile
Commercial Lines				
Account Executive (AE)	*	#N/A	#N/A	#N/A
Customer Service Representative (CSR)	*	#N/A	#N/A	#N/A
Processor/Asst CSR	*	#N/A	#N/A	#N/A
Marketing	*	#N/A	#N/A	#N/A
Claims	*	#N/A	#N/A	#N/A
Personal Lines				
Account Executive (AE)	*	#N/A	#N/A	#N/A
Customer Service Representative (CSR)	*	#N/A	#N/A	#N/A
Processor/Asst CSR	*	#N/A	#N/A	#N/A
Marketing	*	#N/A	#N/A	#N/A
Claims	*	#N/A	#N/A	#N/A
Group Life & Health/Financial				
Account Executive (AE)	*	#N/A	#N/A	#N/A
Customer Service Representative (CSR)	*	#N/A	#N/A	#N/A
Processor/Asst CSR	*	#N/A	#N/A	#N/A
Marketing	*	#N/A	#N/A	#N/A

PRODUCER METRICS

Validated Producers

	Commercial P&C			Life/Health/Financial		
	Your Firm	Comparison Group		Your Firm	Comparison Group	
		Average	Top 25%		Average	Top 25%
# of Validated Producers	*	6.8		*	*	
% Male	*	90%		*	77%	
% Female	*	10%		*	23%	
Average New Commissions	*	\$93,010	\$192,752	*	*	*
Average Book Serviced	*	\$725,261	\$1,486,585	*	*	*
Average Compensation	*	\$239,992		*	*	
Avg. Comp. as % of Book	*	32.0%		*	*	

	Personal P&C			Multi-line		
	Your Firm	Comparison Group		Your Firm	Comparison Group	
		Average	Top 25%		Average	Top 25%
# of Validated Producers	*	1.0		*	1.3	
% Male	*	*		*	*	
% Female	*	*		*	*	
Average New Commissions	*	\$53,534	\$121,395	*	\$65,394	\$155,519
Average Book Serviced	*	\$282,089	\$563,510	*	\$598,153	\$1,475,341
Average Compensation	*	\$94,229		*	\$205,017	
Avg. Comp. as % of Book	*	32.1%		*	31.9%	



Note: WAPA and % Total Book by Producer Age both include Validated and Unvalidated Producers.

Agency Commission Structure

	Your Firm			Comparison Group Average		
	New Rate	Renewal Rate	Minimum ¹	New Rate	Renewal Rate	Minimum ¹
Commercial P&C	*	*	*	40.7%	28.5%	\$1,537
Bonds/Surety	*	*	*	39.8%	27.9%	\$827
Small Commercial P&C	*	*	*	34.3%	18.1%	\$1,947
Personal P&C	*	*	*	40.9%	20.8%	\$294
Group Medical	*	*	*	41.2%	29.0%	\$1,151
Other Group L/H/F	*	*	*	41.9%	27.6%	\$988
Individual L/H/F	*	*	*	46.8%	22.5%	\$494

¹ The minimum account size on which commissions are paid.

Additional Benefits Paid

	Travel & Entertainment	Health Benefits	Automobile
Your Firm:	No	No	No
Percentage of Comparison Group Agencies Providing this Benefit to Producers:	74.4%	84.4%	40.7%

PRODUCER METRICS

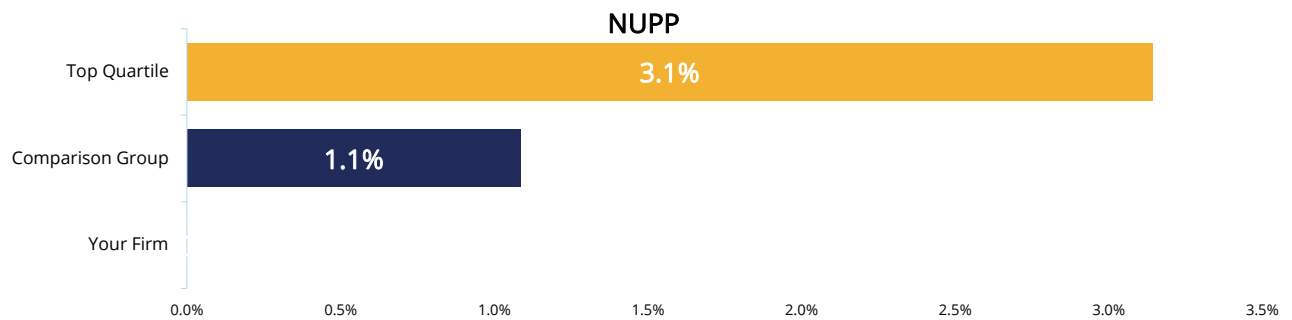
	Your Firm Results	Comparison Group	
		Average	Top Quartile
Unvalidated Producers			
Number of Unvalidated Producers	*	4.1	12.8
Average New Commissions	*	\$20,518	\$59,232
Average Book Serviced	*	\$60,075	\$181,374
Average Estimated Annual Compensation	*	\$73,200	

Note: The unvalidated producer Comparison Group metrics above are only for firms with at least one unvalidated producer.

NUPP - Net Investment in Unvalidated Producer Pay

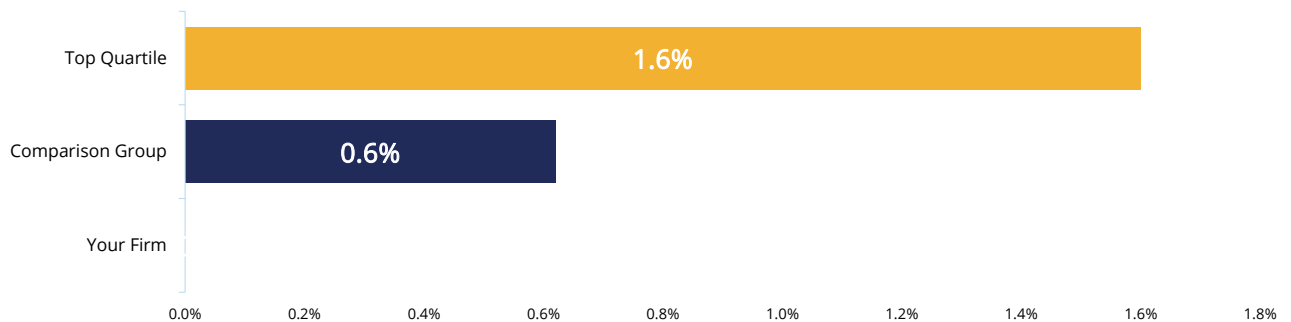
Expressed as a percentage of net revenue, the NUPP is the difference between what an agency pays its unvalidated producer(s) and what the producer(s) would earn under the agency's normal commission schedule. A NUPP of 1.5% is considered a healthy level of investment. Note: If your firm does not have unvalidated producers or if you did not provide information on your unvalidated producers, the metrics below will show zeroes.

Calculating the NUPP		NUPP Results		
Actual Books of Business (in Total):	*			
Annualized Payroll of Unvalid. Producers:	*	Your Firm:	*	
"Earned" Compensation (based on Book):	*			
Net Investment in Unvalidated Producers:	*			
Shown as % of Pro Forma Net Revenues:	*	Comparison Group Average:	1.1%	9.8% High
			0.0% Low	



Effective NUPP

An "Effective NUPP" is your firm's NUPP times your firm's producer success rate, which is the percentage of your producers over the past five years that have met their production goals and are considered successful. An Effective NUPP of 0.75% - 1.25% is desirable.



NEW PRODUCER METRICS

New Producer Hiring

	Your Firm	Comparison Group	
	Results	Average	Top Quartile
Agencies that Hired New Producers Last Year	Yes	57.1%	N/A
# of New Producers Hired Last Year	*	3.4	8.4
Average Annualized Wages per Producer Hired	*	\$77,167	\$138,844
# of Producers Hired over the Past 5 Years	*	9.7	26.1
Producer Success Rate over Past 5 Years	*	56.4%	93.0%

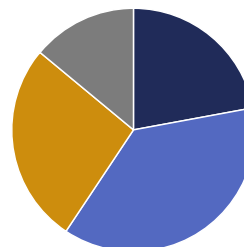
Recruiting & Development Techniques

	Your Firm	% Using in Comparison Group
<u>Recruiting:</u>		
Targeted College Recruiting Efforts/Programs	No	36.3%
Use of Outside Recruiters	No	61.1%
Use of Social Media as a Recruiting Tool	No	79.9%
<u>Assessment:</u>		
Testing (sales, personality, intelligence capabilities, call reluctance, etc.)	No	81.6%
<u>Development:</u>		
Internship	No	47.4%
Mentorship	No	70.5%
Technical Training		
Internal	No	93.6%
External	No	82.5%
Sales Training		
Internal	No	86.8%
External	No	85.8%
<u>Selling Structure:</u>		
Required Specialization	No	30.8%
Team Selling	No	72.2%
Assigned Accounts	No	67.5%

Where New Producers Were Found

Your Firm

Comparison Group Average

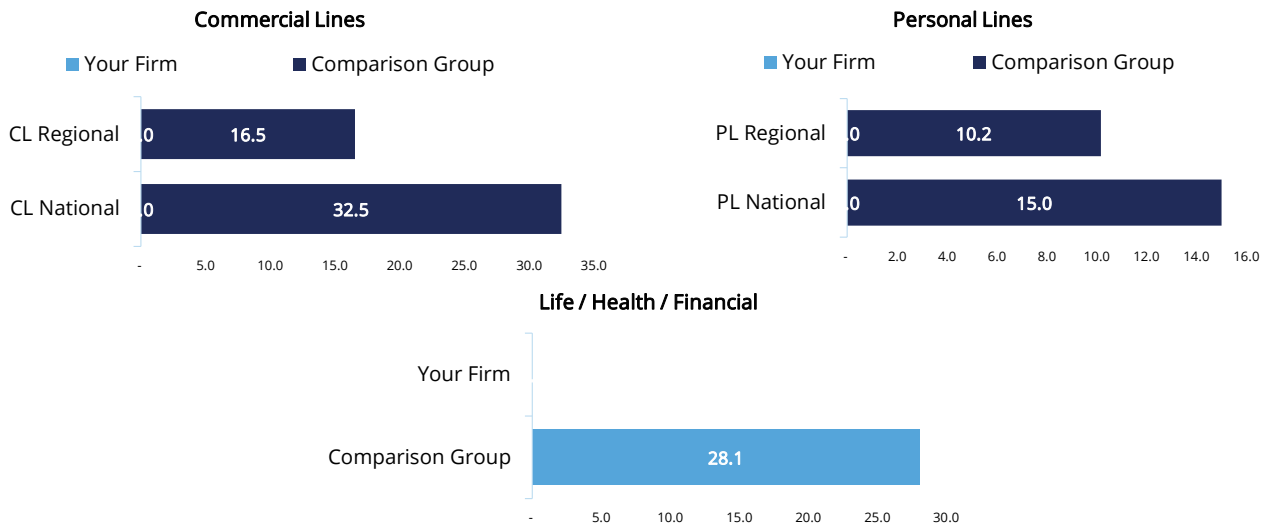


- UNDER Age 35 WITHIN Insurance Industry N/A
- OVER Age 35 WITHIN Insurance Industry N/A
- UNDER Age 35 OUTSIDE Insurance Industry N/A
- OVER Age 35 OUTSIDE Insurance Industry N/A

- UNDER Age 35 WITHIN Insurance Industry 22.1%
- OVER Age 35 WITHIN Insurance Industry 37.3%
- UNDER Age 35 OUTSIDE Insurance Industry 26.7%
- OVER Age 35 OUTSIDE Insurance Industry 14.0%

CARRIERS

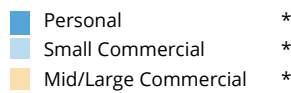
Carrier Representation



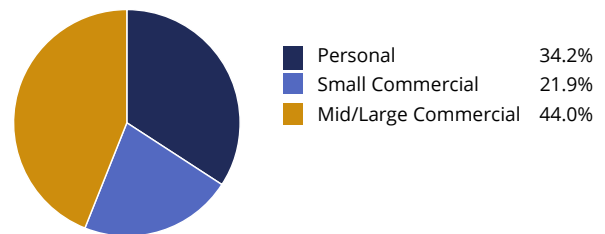
Commission Income from Top Carriers

	Your Firm		Comparison Group
	Amount	Percent of Net Revenues	Average Percent of Net Revenues
Top P&C Carrier	*	*	18.4%
Top 3 P&C Carriers	*	*	32.6%
Top L/H/F Carrier	*	*	3.7%
Top 3 L/H/F Carriers	*	*	6.2%

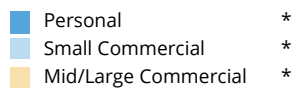
Your Firm's Top P&C Carrier Breakdown:



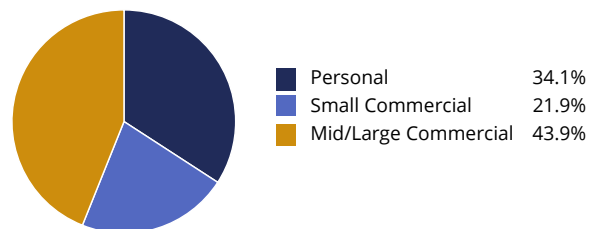
Comparison Group's Average Top P&C Carrier Breakdown:



Your Firm's Top 3 P&C Carrier Breakdown:



Comparison Group's Average Top 3 P&C Carriers Breakdown:



Service Center Usage

Commercial Lines Commission

	Amount:	% of Line of Business:
Your Firm:	*	*
Comparison Group Average:		1.3%

Personal Lines Commission

	Amount:	% of Line of Business:
Your Firm:	*	*
Comparison Group Average:		14.2%

Definitions/Explanations

Acquired Business Growth: Revenues that were purchased (i.e., the acquisition of another agency or book of business). This reflects acquired revenues in the first year they are booked only; the percentage indicates the significance of acquisition activity to the agency's revenues.

Brokerage Commission Expense: Commissions paid to other agencies or brokers. In-house producers compensated on a 1099 are included in the compensation section.

Comparison Group: The *Best Practices* firms in the same revenue category or the firms in the same affinity group against which your agency's results are being compared.

EBITDA: An indicator of a company's financial performance and computes earnings from core business operations, without including the effects of capital structure, tax rates and depreciation policies. It includes all revenues and expenses except interest, taxes, depreciation and amortization.

Net Commissions and Fees Growth: Excludes the impact of brokerage commission expenses; net revenue growth also includes the impact of growth in other revenue income, including contingents and bonuses.

New Business Growth: New revenues as a percent of prior year's total revenues for the line of business. This reflects sales to new clients, as well as sales of new products and services to existing clients.

Operating Pre-Tax Profit: Provides a measure of profitability from controllable sources by eliminating contingents and bonuses.

Organic Growth: Measured as a percent of prior year revenues; excludes acquisition revenues and divestitures.

Pre-Tax Profit: Provides a high-level measure of profitability and includes all revenues and expenses with the exception of taxes.

Pro Forma EBITDA: Excludes all administrative expenses (depreciation, amortization of intangibles, officer life, interest and other) as well as discretionary and non-recurring revenues and expenses. Also adjusts compensation to owners to a level that reflects a comparable employee who would not receive the additional compensation/benefits associated with ownership.

Pro Forma Operating Pre-Tax Profit: Provides a measure of profitability from controllable sources by eliminating contingents and bonuses as well as eliminating discretionary and non-recurring revenues and expenses and adjusting compensation to owners to a level that reflects a comparable employee who would not receive the additional compensation/benefits associated with ownership.

Pro Forma Pre-Tax Profit: Includes all revenues and expenses with the exception of taxes but eliminates discretionary and non-recurring revenues and expenses and adjusts compensation to owners to a level that reflects a comparable employee who would not receive the additional compensation/benefits associated with ownership.

Producer Classification: Producers are classified based on the percentage of their book that is in each individual line. If a producer has more than 70% of his book in any one of the three lines (commercial, personal, life & health), they're classified as that type of producer. Otherwise they are classified as a multiline producer.

Renewal Business Growth: Renewal revenues as a percent of prior year's total revenues for the line of business. This is impacted by attrition (the loss or retention of existing accounts) and by changes in premium and commission levels; the higher the percentage, the more favorable the results.

Rule of 20 Score: A quick means of benchmarking an agency's shareholder returns. The Rule of 20 is calculated by adding half of an agency's EBITDA margin to its organic revenue growth rate. An outcome of 20 or higher means an agency is likely generating, through profit distributions and / or share price appreciation, a shareholder return of approximately 15% - 17%, which is a typical agency / brokerage return under normal market conditions.

Service Staff Job Definitions:

Account Executive (AE): Senior level service position, usually assigned to a producer in order to support & enable the producer to focus on new business production. This is a highly technical position, requiring a comparable technical skill set to that of producers. An AE's primary responsibility is to manage the overall service plan/activities for an existing book of business and to maintain ongoing client relationships, including renewals & account development. In some agencies the AE position may have specific responsibility to solicit new clients or write new business that is referred/comes to agency, but a majority of time is spent on service and client retention.

Customer Service Representative (CSR): Senior level service position in agencies where the AE position does not exist to support the producer. Position will serve as the main service contact for the client. Customer service duties are similar to AE duties including renewals, account upgrading, cross-selling, etc., but may include some processing responsibilities (e.g., coordinate new client set-up, prepare proposals, order & check policies, issue certificates, binders, billings, etc.).

Processor/Asst CSR: Lower level service position whose main function is to support other senior level service staff. Position may or may not have direct client contact. Duties vary but are usually processing oriented (e.g., coordinate new client set-ups, prepare proposals, order & check policies, issue certificates, binders, billings, etc.).

Marketing: Staff dedicated to marketing functions (negotiating with carriers to obtain coverage for clients - soliciting quotes/rates, negotiating coverage/pricing, placing new and renewal business with carriers, preparing proposals/binders, tracking market trends, pricing and underwriting policies).

Claims: This is a claims advocacy role. Coordinates P&C claims reporting, tracking, processing, and analysis for agency and its clients; delivers Value-Added-Service claims services. If you do not have employees dedicated to these activities, leave blank.

Top Quartile: The average results achieved by the Top 25% of the firms in the group for that particular factor or line item. The firms comprising this group will be different for each factor or line item.

Total Growth: Measured as a percent of prior year revenues; includes acquisition revenues.

WAPA (Weighted Average Producer Age): A metric designed to assess the relative age of an agency's production force. WAPA is calculated using the sum of the product of the agency's producers' ages and the percentage of the agency's "produced" business handled by each. House business is excluded from the WAPA calculation. As a guideline, a WAPA of less than 50 is considered relatively low.

WASA (Weighted Average Shareholder Age): A metric designed to assess the relative age of an agency's ownership team. WASA is calculated using the sum of the product of the agency's owners' ages and their ownership percentages. As a guideline, a WASA below 50 is considered relatively low, with over 55 considered relatively high.

