

BEST PRACTICES STUDY UPDATE

STEP UP STEP AHEAD



2023

CONDUCTED BY

BIG 

 **REAGAN**

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We wish to thank the following companies for their sponsorship. The funding provided makes possible the development of the 2023 *Best Practices Study* and the *Best Practices Gateway* website.



2023

Study Sponsors

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2023

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Introduction & Overview

2023

Best Practices Study

About the Study: The History

The *Best Practices Study* (BPS) was created in 1993 through a joint initiative between Reagan Consulting and the Independent Insurance Agents & Brokers of America, also known as the Big "I"® or IIABA®. Designed to deliver critical financial and operational industry benchmarks to member agencies, this comprehensive annual publication has helped thousands of agencies optimize their performance for more than 30 years and has built its reputation as one of the industry's most effective, reliable, and valuable information resources.

The Process

Every three years, the Big "I" and Reagan Consulting ask insurance companies, state association affiliates, and other industry organizations to nominate agencies they consider to be among the best in the industry for each of the BPS's revenue categories. Nominated agencies are then invited to participate in the study by completing an in-depth survey detailing their financial and operational year-end results. These results are then scored and ranked objectively to determine which agencies earn the *Best Practices* agency designation.

In 2022, the beginning of the current three-year BPS cycle (2022-2024), over 2,600 independent agencies throughout the U.S. were nominated to participate in the annual *Best Practices Study*. Although participation took extensive time and effort, 286 of the nominated agencies qualified and were designated as Best Practices agencies. These top-performing agencies' results serve as the foundation for the 2022 *Best Practices Study*. This year, the 2023 Best Practices Study continues to examine these same top performers who maintained their Best Practices status by submitting annual data.

Future Participation

Inclusion in the *Best Practices Study* is a prestigious recognition of superior performance. Agencies who believe they have the qualities of a Best Practices

agency and wish to participate in the next study cycle (2025-2027) can have their state association or an insurance carrier nominate them or can self-nominate.

The 2023 Best Practices Study

The 2023 *Best Practices Study* is composed of three primary sections:

- 1) **Study Highlights** – an overview of the *Study* results and the latest industry trends
- 2) **Executive Summaries** — Key benchmarks and perspectives summarized for each of the six revenue categories.
- 3) **Cross Category Comparison** — The complete array of Best Practices benchmarks for all six revenue categories, arranged in a side-by-side format that allows for quick metric comparisons.

For More Information

If you have questions about the information published in the 2023 *Best Practices Study* or if you would like to nominate your agency to participate in the next study cycle, please contact Reagan Consulting at 404-233-5545.

Visit the Best Practices Gateway for access to the annual *Best Practices Study* at:
www.reaganconsulting.com/research/best-practices.

Other resources and tools to help agencies improve their performance and enhance the value of their business are also available via the Big "I" website:
www.independentagent.com.

If you would like to purchase the *Study*, contact the Big "I" Education Department by calling 800-221-7917 or online at www.independentagent.com/best-practices.

2023

Best Practices Study

Introduction

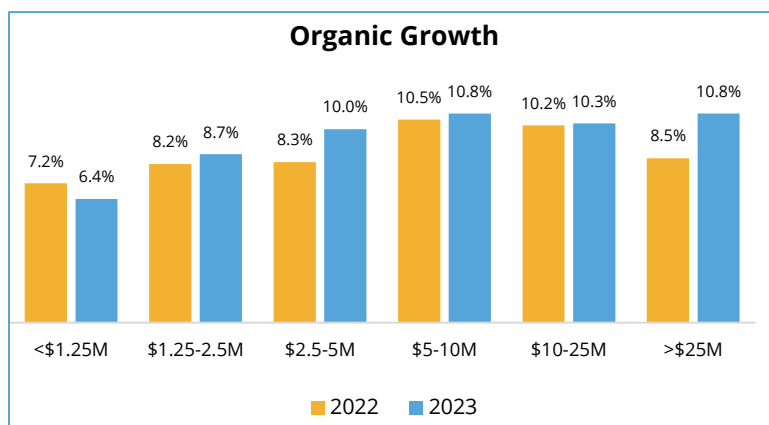
The big story in this year's *Best Practices Study* is the industry's remarkable performance coming out of the COVID-19 pandemic. The commitment to continual improvement that *Best Practices* agencies demonstrated before the pandemic paid huge dividends amid an economic disruption of historic proportions. This year's *Study* shows that *Best Practices* agencies not only survived the pandemic, but they came out of it stronger than ever.

Best Practices agencies have never been healthier. Let's look at the numbers.

Organic Growth

The organic growth results in this year's *Study* (calendar year 2022 results) were exceptional. Other than during the post-9/11 hard market, the industry has never delivered organic growth at the levels achieved in this year's *Study*.

Growth rates for only the smallest revenue group (under \$1.25M) decelerated. All other revenue groups saw their organic growth rates increase. The largest revenue group (over \$25M in revenue) saw their growth rates increase by over 25%.



Sales Velocity

A rapidly recovering post-pandemic economy and a continued hard P&C market contributed materially to these growth results. What about new business? To what extent did new business results support these exceptional growth rates?

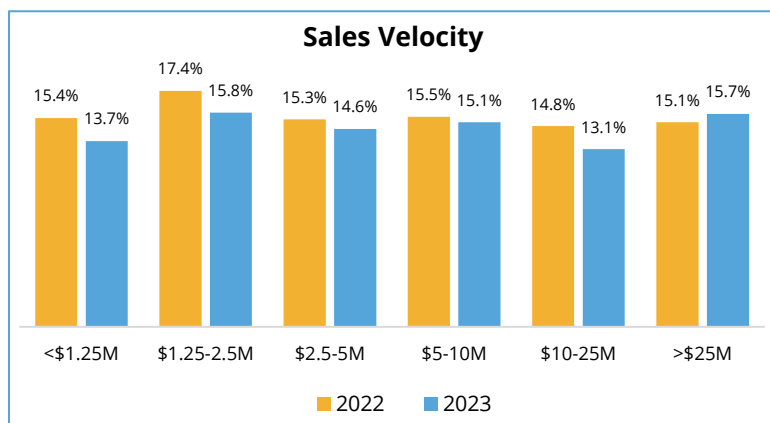
Sales Velocity, calculated as current period written new business divided by prior period recorded commissions and fees, is the metric that answers this question.

Sales Velocity =

Current period written new business
divided by prior period recorded
commissions and fees

EXAMPLE:

2022 Written New Business	\$250,000
2021 Commissions & Fees	\$2,000,000
SALES VELOCITY	12.5%



If there is a cautionary tale in this year's *Best Practices Study*, it may reside in this year's Sales Velocity results. Sales Velocity decreased in five of the six revenue categories - only the largest revenue category (>\$25M) saw an increase in Sales Velocity.

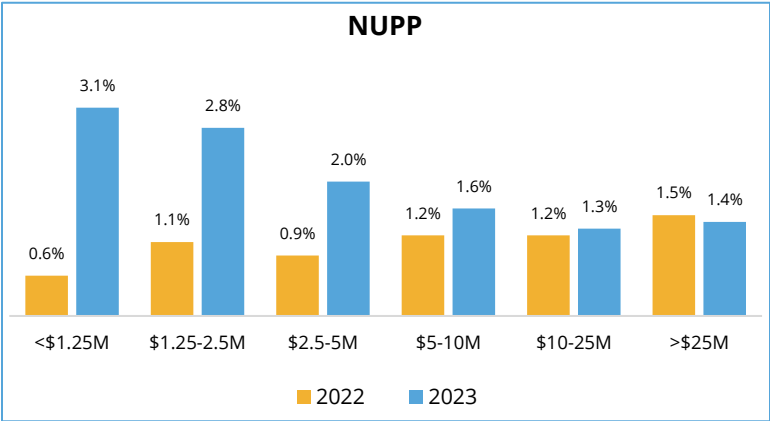
Generally, a Sales Velocity north of 12-13% is considered healthy, so this year's results are by no means dire. But Sales Velocity (new business activity) is slowing. The economic recovery will eventually

stall. P&C rates will ultimately cool. When these realities occur, *Best Practices* agencies will have to depend on new business more than ever to deliver top-tier growth results. The good news is that investments in new business capabilities are accelerating.

NUPP

Perhaps the best indication that *Best Practices* agencies are investing heavily in their new business engines is demonstrated in this year's NUPP results.

Expressed as a percentage of net revenue, NUPP (Net Unvalidated Producer Payroll) is a measure of an agency's investment in young producer development. NUPP is the difference between what an agency pays its unvalidated producers (producers in development) and what the unvalidated producers would earn on the agency's standard producer commission arrangement, divided by Net Revenue. In other words, NUPP measures what an agency's unvalidated producers were paid vs. what they earned. It is a fundamental measure of an agency's investment in producer development, which is critical to the long-term growth capacity of any insurance agency.

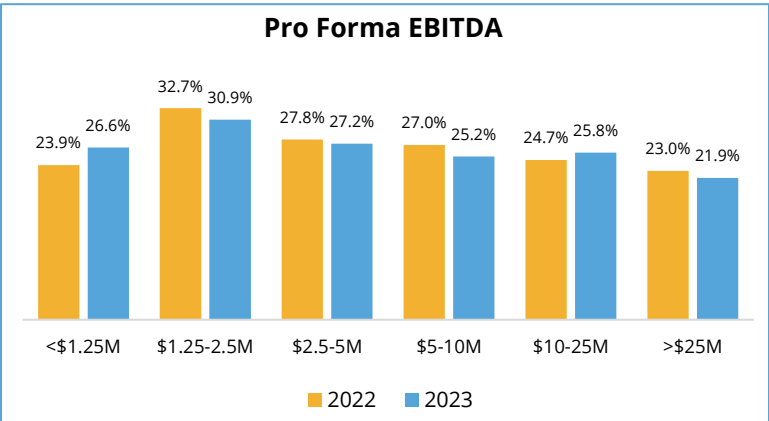


In five of the six revenue categories, NUPP increased in this year's *Best Practices Study* - in many cases, significantly so. Best Practices agencies are reinvesting heavily in their sales engines.

As a significant side benefit, these investments in young production talent will also help to facilitate *Best Practices* agencies' perpetuation objectives. To perpetuate ownership internally, agencies will need younger producers to continue to grow the agency, redeem departing shareholder equity and service their books of business after they're gone. To perpetuate externally (sell to a third-party buyer), a strong, multi-generational group of producers is necessary to command a top-tier valuation.

Profitability

In addition to this year's remarkable growth results, *Best Practices* agency profitability (expressed as Pro Forma EBITDA) also remains at historically high levels.



EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization.
Think of EBITDA as pre-tax cash flow.

Although results were mixed, with four of six revenue categories showing nominal decreases, profit margins remain at near-record levels.

This modest cooling of profitability likely results from agencies ramping up their travel and entertainment spends, which tanked during the pandemic.

Overall, agency profitability is rock solid.

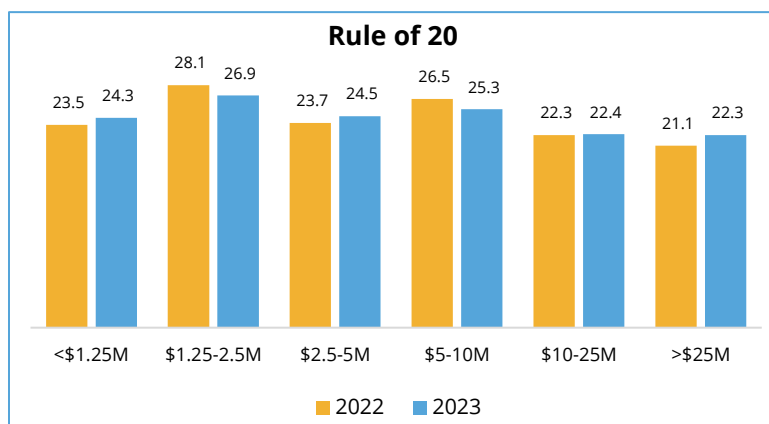
Rule of 20

The Rule of 20, which is partially a financial metric and partially a growth metric, is the best indication of an agency's likely shareholder return. The Rule of 20 is calculated by adding organic growth to 50% of pro forma EBITDA.

Agencies attempting to grow their values face a dilemma – focus on growth, at the expense of profitability, or focus on profitability, at the expense of growth? The Rule of 20 is a helpful metric to ensure that an agency's balance of growth and profitability is healthy.

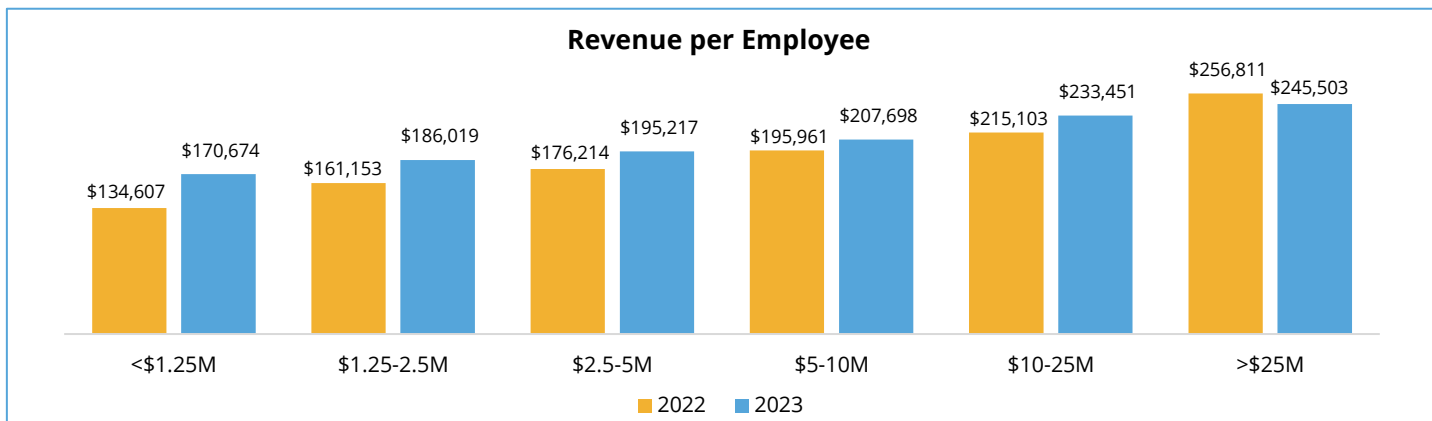
The Rule of 20 is a simple tool to determine if an agency is creating value for its shareholders. Generally speaking, an outcome of 20 or more, regardless of the different combinations of growth and profitability, indicates that the agency's shareholders can expect to generate a very healthy investment return (15-17%).

As would be expected based on this year's growth and profitability results, this year's Rule of 20 results were exceptional. Rule of 20 results improved in four of the six revenue categories and all revenue categories posted results north of 20, an indication that shareholder returns are at record levels.



Productivity

One of the best metrics to assess overall agency health is revenue-per-employee. Revenue-per-employee is simply an agency's revenue divided by its full-time equivalent employees. A low revenue-per-employee result may indicate that an agency is over-staffed, poorly structured, or needs improved technologies, systems and procedures. Most importantly, low revenue-per-employee results indicates an agency is likely delivering a sub-par investment return to its shareholders.



This critical metric confirms that *Best Practices* agencies are continuing to improve productivity levels. In all but one revenue category, revenue-per-employee results increased. Best Practices agencies are hitting on all cylinders in terms of productivity.

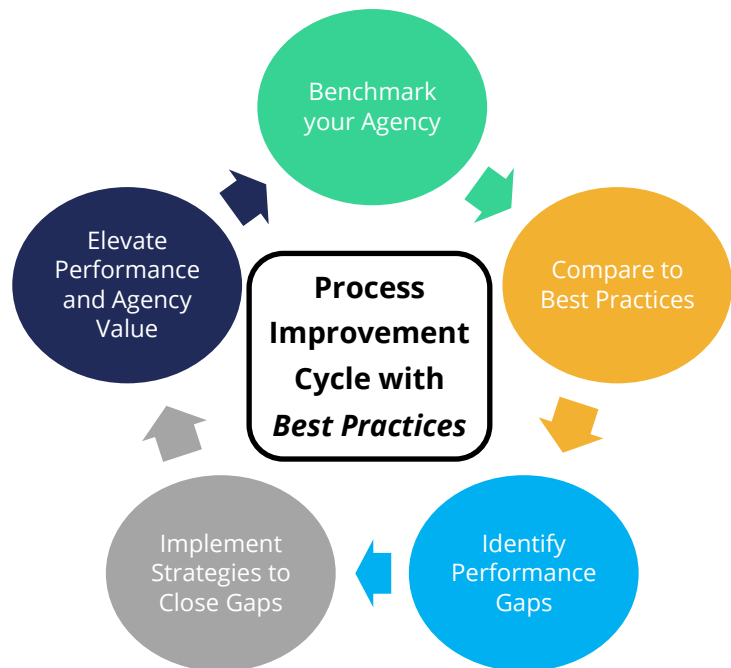
Conclusion

In the 30 years Reagan Consulting has partnered with the Big "I" to present the operating and financial results of the industry's top performers, we have never seen results like those reflected in this year's *Study*. The industry is healthier today than it has ever been. This is perhaps best reflected in valuations assigned to high-quality insurance brokers, both internally (for internal shareholder redemptions) and externally (prices paid by third-party buyers).

In today's marketplace, most agencies perpetuate internally at 1.5 – 2.0 times revenue. Just a generation ago, a 1.0 times revenue valuation was commonplace. For agencies selling to third-party buyers, valuations of 2.5 – 3.5 times revenue are common. Not long ago, external valuations ranged from 1.25 – 1.75 times revenue.

As good as things are, we must not become complacent. The insurance broker landscape faces challenges that would also have been unimaginable a short time ago: Insuretech, industry consolidation, the demand for value-added resources to satisfy clients and support producers, artificial intelligence, and a systemic lack of young talent entering the industry, to name a few.

There is still much room for improvement. To realize our full potential as an industry, we must continue to execute the fundamental disciplines necessary to truly be considered a *Best Practices* agency: measure, adapt, and improve. Even better years lie ahead for agencies committed to doing so.



Executive Summary

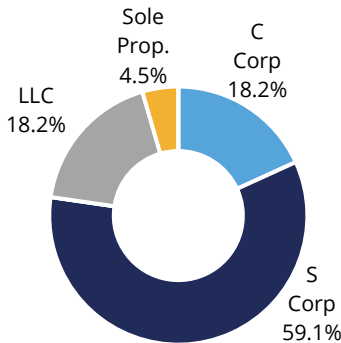
Key Metrics by Agency Revenue Category

<\$1.25M

Agencies under \$1.25 million
in revenue

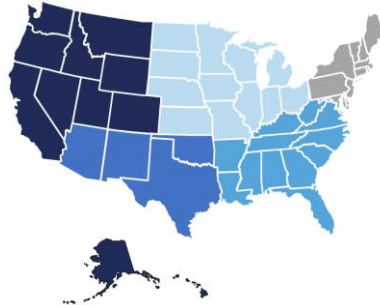
Average Revenues
\$824,641

Corporate Structure



Regional Distribution

Northeast	18.2%
Midwest	27.3%
West	9.1%
Southeast	40.9%
Southwest	4.5%



Weighted Average Shareholder Age (WASA)

58.5

Average Number of Shareholders

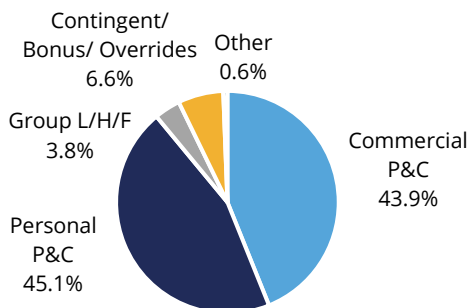
1.5

Average Number of Agency Locations

1.2

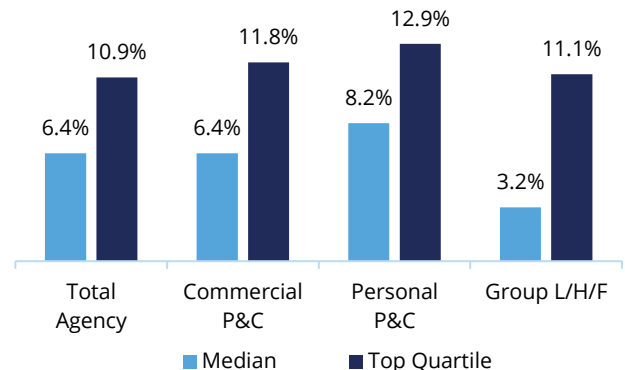
Revenue Distribution

(as a % of Gross Revenue)



Organic Growth in Net Commissions & Fees

(excluding contingents, bonuses & overrides)



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

Account Stratification

Commercial P&C



< \$5K	64.4%
\$5K to \$10K	10.3%
\$10K to \$25K	11.3%
\$25K to \$50K	8.0%
> \$50K	6.0%

Group L/H/F



Under 50 lives	49.5%
From 50-100 lives	49.4%
Over 100 lives	1.1%

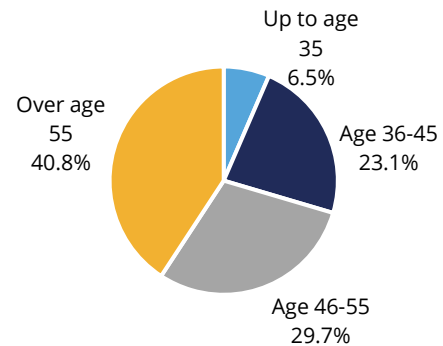
Notes

- At only 3.8% of gross revenue, Group L/H/F business continues to be a relatively untapped revenue source for this Best Practices revenue category.
- Agencies under \$1.25M in revenue posted the lowest organic growth rate of all Best Practices revenue groups for the second consecutive year (6.4%).

Book of Business per Producer (commissions and fees)

	New Business	Average Book
Commercial P&C	\$34,307	\$317,314
Personal P&C	\$33,028	\$198,858
Life/Health/Financial	\$22,584	\$110,190
Multi-Line	\$78,000	\$558,436

Book of Business by Age



Effective NUPP

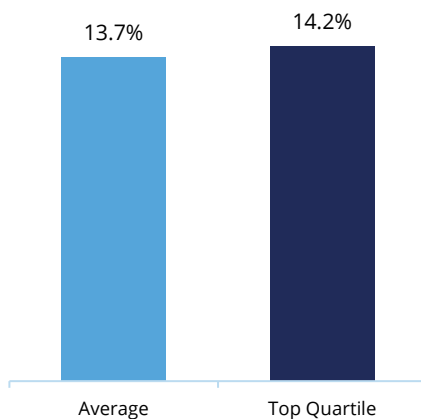
NUPP
3.1%

Producer Success Rate
39.5%

Effective NUPP
1.2%

- Effective NUPP, which is the product of an agency's investment in unvalidated producers (NUPP) and success rate in hiring producers (Producer Success Rate), is expressed as a percentage of net revenue. It is the best overall measure of an agency's effectiveness in recruiting and developing sales talent.
- Over 70% of this revenue group's book of business is controlled by mature producers (>45), a higher concentration than all other revenue categories. Developing younger talent will be a key priority for these agencies.
- This revenue group scored highest in NUPP and Effective NUPP, an indication that producer recruitment, hiring, and development has been successful this year in these smaller agencies.

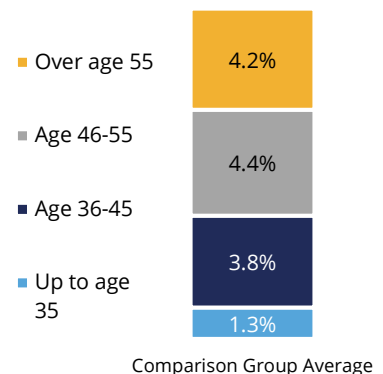
Sales Velocity



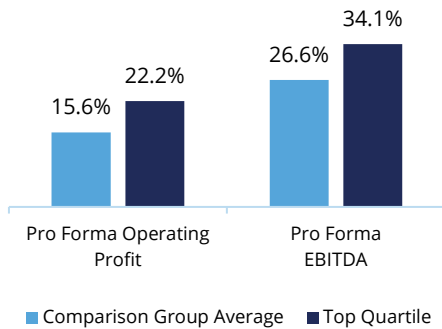
Notes & Definitions

- Sales Velocity is a critical metric in determining organic growth. It is defined as this year's written new business *divided by* last year's commissions and fees.
- Age Banding of Sales Velocity can help a firm assess where new business and growth are coming from and prepare for perpetuation.

Age Banding of Sales Velocity



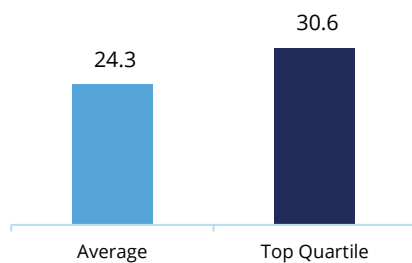
Profitability



Employee Productivity

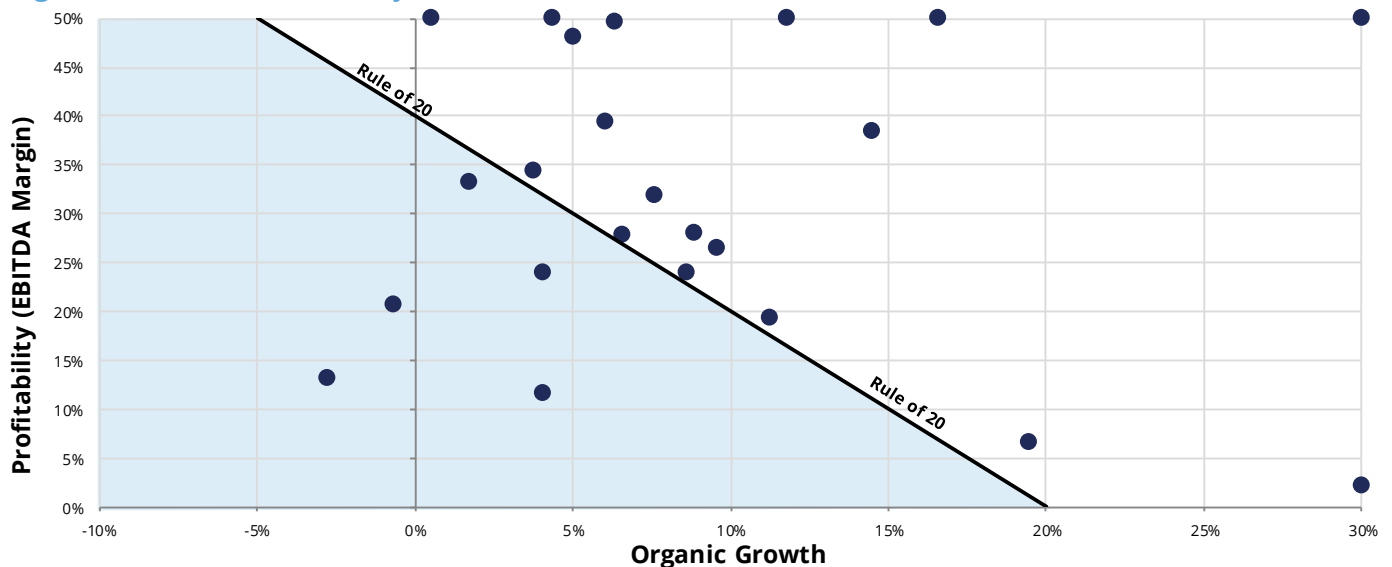
Pro Forma Metrics:	Average	Top Quartile
Number of Employees	6.1	
Revenue per Employee	\$170,674	\$175,194
Compensation per Employee	\$70,049	\$58,628
Spread per Employee	\$100,625	\$95,734

Rule of 20 Score



- The Rule of 20 measures an agency's shareholder returns. It is calculated by adding 50% of an agency's Pro Forma EBITDA margin to its organic commission & fee 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%, a typical agency/brokerage return under normal market conditions.
- The graph below provides a look at the Rule of 20 results for agencies in this revenue category. The solid black line represents all combinations of organic growth and EBITDA margin that result in a Rule of 20 score of 20.

Organic Growth & Profitability Scatter Plot



Note: Firms identified as outliers have been set to have a maximum growth of 30% or a maximum profitability of 50%. They appear on the graph line bordering the chart instead of plotting their actual results.

Executive Summary

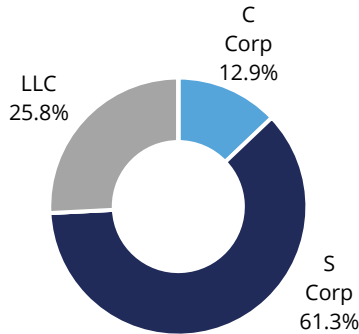
Key Metrics by Agency Revenue Category

\$1.25-2.5M

Agencies between \$1.25 and
\$2.5 million in revenue

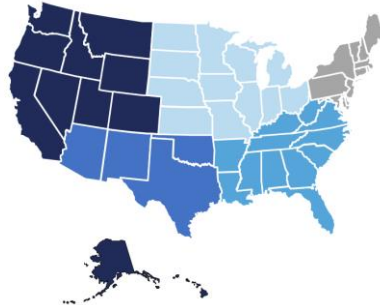
Average Revenues
\$1,815,319

Corporate Structure



Regional Distribution

Northeast	22.6%
Midwest	25.8%
West	6.5%
Southeast	38.7%
Southwest	6.5%



Weighted Average Shareholder Age (WASA)

49.4

Average Number of Shareholders

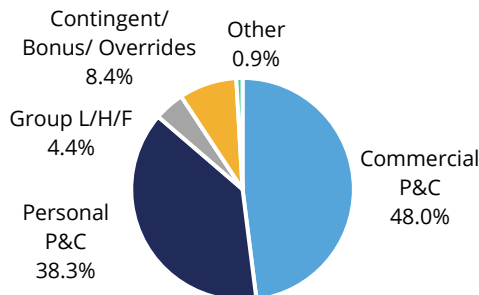
2.0

Average Number of Agency Locations

1.5

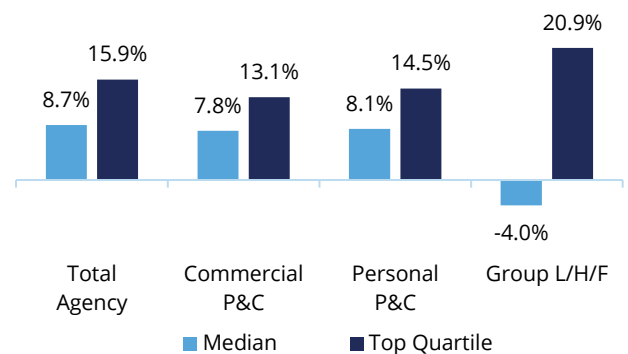
Revenue Distribution

(as a % of Gross Revenue)



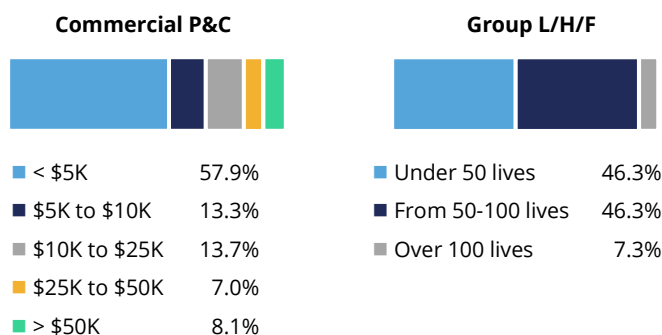
Organic Growth in Net Commissions & Fees

(excluding contingents, bonuses & overrides)



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

Account Stratification



Notes

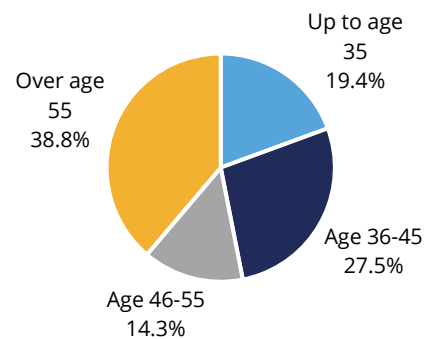
- This is the youngest WASA of all revenue categories at 49.4, almost 3 years younger than the next closest revenue category (\$5-\$10M).
- Group L/H/F revenue remains an opportunity for growth for this revenue category. At 4.4% of revenue, it is 2.7% less than that of the \$2.5-\$5M revenue category.

Book of Business per Producer

(commissions and fees)

	New Business	Average Book
Commercial P&C	\$35,514	\$230,966
Personal P&C	\$39,712	\$215,420
Life/Health/Financial	\$42,561	\$178,259
Multi-Line	\$22,862	\$161,696

Book of Business by Age



Effective NUPP

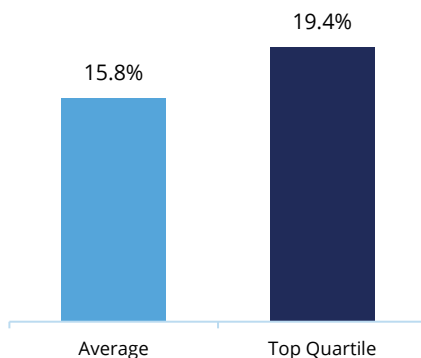
NUPP
2.8%

Producer Success Rate
29.1%

Effective NUPP
0.8%

- Effective NUPP, which is the product of an agency's investment in unvalidated producers (NUPP) and success rate in hiring producers (Producer Success Rate), is expressed as a percentage of net revenue. It is the best overall measure of an agency's effectiveness in recruiting and developing sales talent.
- This revenue category posted the highest Sales Velocity in this year's *Best Practices Study* (15.8%) as well as the highest Sales Velocity last year.
- This revenue category's producer success rate was the lowest of any revenue categories. Agencies in this revenue category may want to evaluate how they're investing in recruitment and development to improve producer success rate.

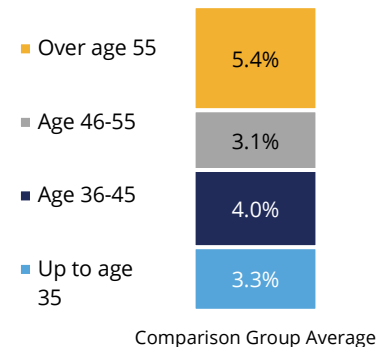
Sales Velocity



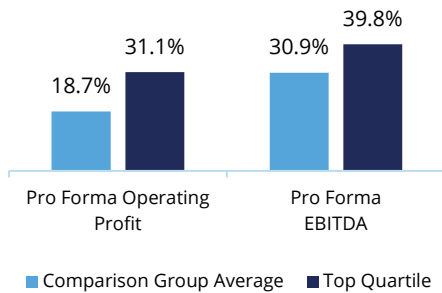
Notes & Definitions

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- Age Banding of Sales Velocity can help a firm assess where new business and growth are coming from and prepare for perpetuation.

Age Banding of Sales Velocity



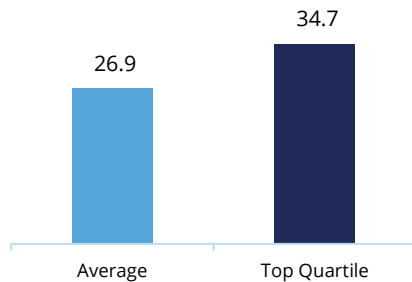
Profitability



Employee Productivity

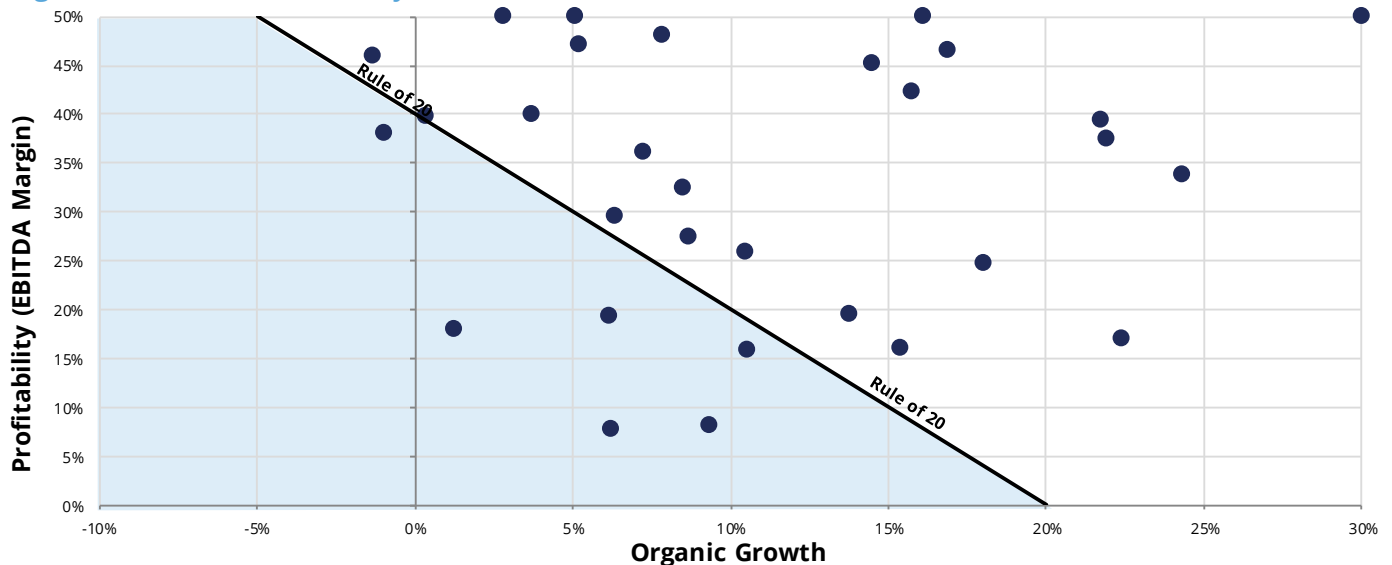
Pro Forma Metrics:	Average	Top Quartile
Number of Employees	11.7	
Revenue per Employee	\$186,019	\$208,866
Compensation per Employee	\$78,457	\$65,211
Spread per Employee	\$107,563	\$106,973

Rule of 20 Score



- The Rule of 20 measures an agency's shareholder returns. It is calculated by adding 50% of an agency's Pro Forma EBITDA margin to its organic commission & fee 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%, a typical agency/brokerage return under normal market conditions.
- The graph below provides a look at the Rule of 20 results for agencies in this revenue category. The solid black line represents all combinations of organic growth and EBITDA margin that result in a Rule of 20 score of 20.

Organic Growth & Profitability Scatter Plot



Note: Firms identified as outliers have been set to have a maximum growth of 30% or a maximum profitability of 50%. They appear on the graph line bordering the chart instead of plotting their actual results.

Executive Summary

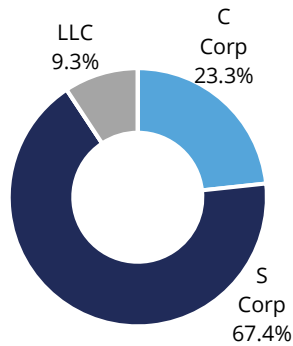
Key Metrics by Agency Revenue Category

\$2.5-5M

Agencies between \$2.5 and
\$5 million in revenue

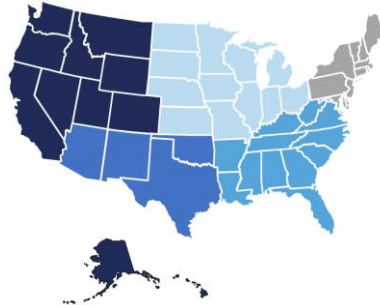
Average Revenues
\$3,563,292

Corporate Structure



Regional Distribution

Northeast	9.3%
Midwest	27.9%
West	9.3%
Southeast	39.5%
Southwest	14.0%



Weighted Average Shareholder Age (WASA)

54.3

Average Number of Shareholders

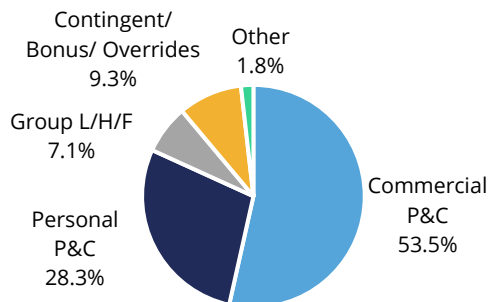
2.6

Average Number of Agency Locations

2.3

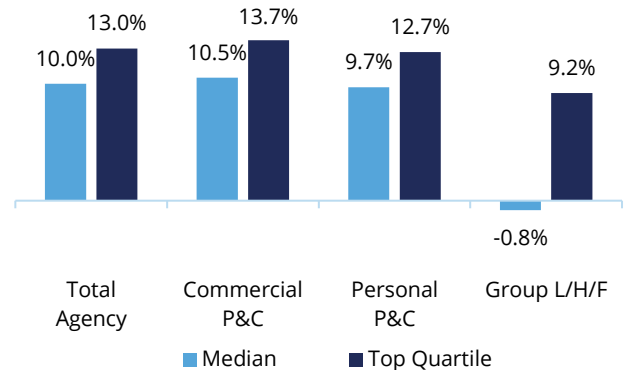
Revenue Distribution

(as a % of Gross Revenue)



Organic Growth in Net Commissions & Fees

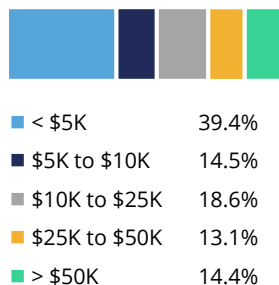
(excluding contingents, bonuses & overrides)



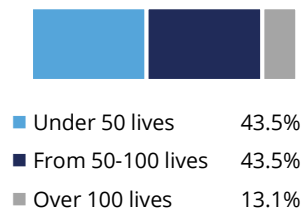
Note: Commercial P&C includes Bonds/Surety. Group L/H/F includes Group Medical, All Other Group, and Individual L/H/F.

Account Stratification

Commercial P&C



Group L/H/F



Notes

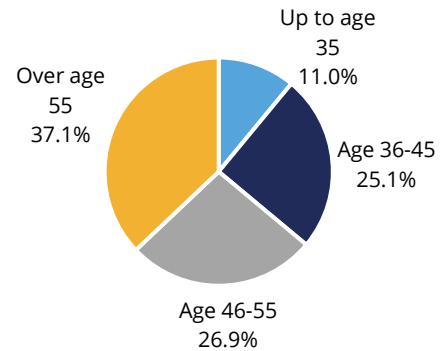
- BPS firms with \$2.5–\$5M in revenue generate 91% of their gross revenues from property & casualty commissions and contingencies.
- Agencies in this revenue category posted median organic growth of 10%, outperforming the two smaller revenue categories but lagging the three larger revenue categories.

Book of Business per Producer

(commissions and fees)

	New Business	Average Book
Commercial P&C	\$87,533	\$633,527
Personal P&C	\$32,831	\$185,442
Life/Health/Financial	\$39,947	\$225,346
Multi-Line	\$73,985	\$563,362

Book of Business by Age



Effective NUPP

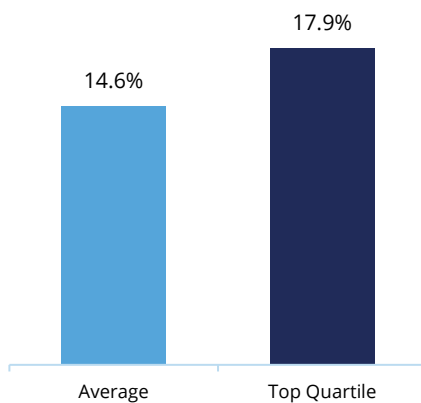
NUPP
2.0%

Producer Success Rate
56.7%

Effective NUPP
1.2%

- Effective NUPP, which is the product of an agency's investment in unvalidated producers (NUPP) and success rate in hiring producers (Producer Success Rate), is expressed as a percentage of net revenue. It is the best overall measure of an agency's effectiveness in recruiting and developing sales talent.
- This revenue category had the highest Producer Success Rate (56.7%) of all other revenue groups.
- The \$2.5-\$5M category increased both its NUPP and Effective NUPP from last year, indicating increased investment into unvalidated producers in this size category.

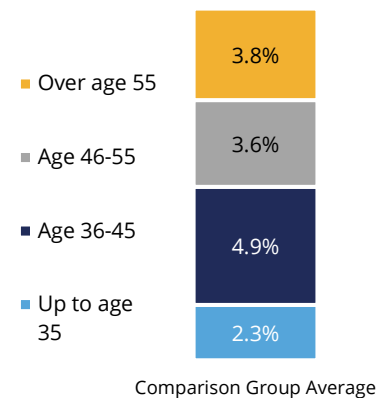
Sales Velocity



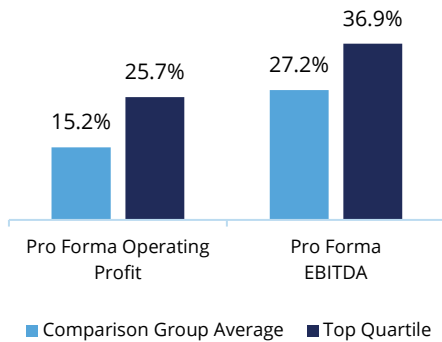
Notes & Definitions

- Sales Velocity is a critical metric in determining organic growth. It is defined as this year's written new business *divided by* last year's commissions and fees.
- Age Banding of Sales Velocity can help a firm assess where new business and growth are coming from and prepare for perpetuation.

Age Banding of Sales Velocity



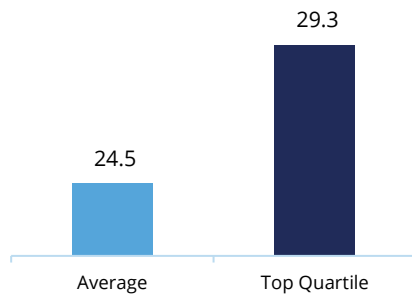
Profitability



Employee Productivity

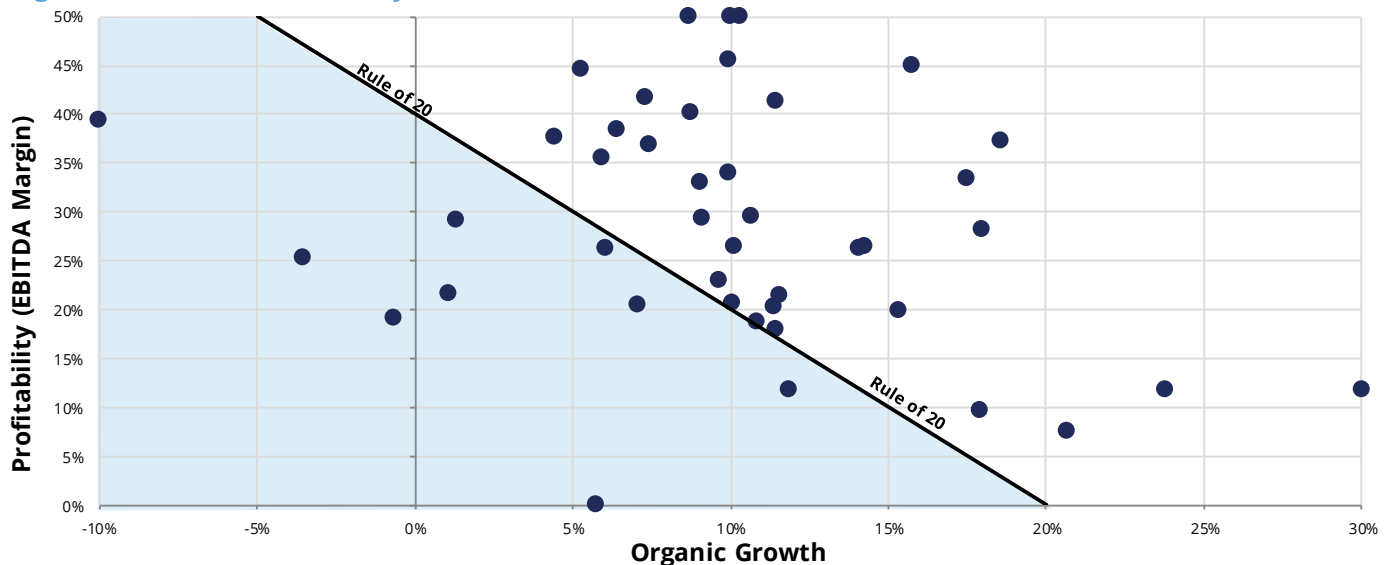
Pro Forma Metrics:	Average	Top Quartile
Number of Employees	19.9	
Revenue per Employee	\$195,217	\$221,248
Compensation per Employee	\$103,065	\$84,777
Spread per Employee	\$92,153	\$98,875

Rule of 20 Score



- The Rule of 20 measures an agency's shareholder returns. It is calculated by adding 50% of an agency's Pro Forma EBITDA margin to its organic commission & fee 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%, a typical agency/brokerage return under normal market conditions.
- The graph below provides a look at the Rule of 20 results for agencies in this revenue category. The solid black line represents all combinations of organic growth and EBITDA margin that result in a Rule of 20 score of 20.

Organic Growth & Profitability Scatter Plot



Note: Firms identified as outliers have been set to have a maximum growth of 30% or a maximum profitability of 50%. They appear on the graph line bordering the chart instead of plotting their actual results.

Executive Summary

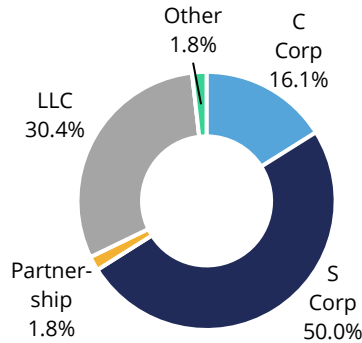
Key Metrics by Agency Revenue Category

\$5-10M

Agencies between \$5 and
\$10 million in revenue

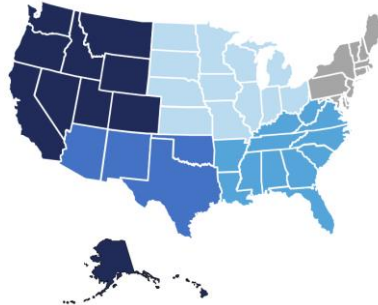
Average Revenues
\$7,054,326

Corporate Structure



Regional Distribution

Northeast	17.9%
Midwest	23.2%
West	12.5%
Southeast	30.4%
Southwest	16.1%



Weighted Average Shareholder Age (WASA)

52.2

Average Number of Shareholders

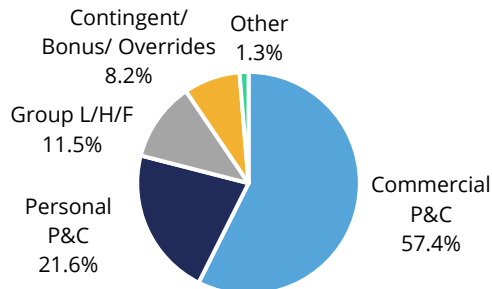
5.6

Average Number of Agency Locations

2.5

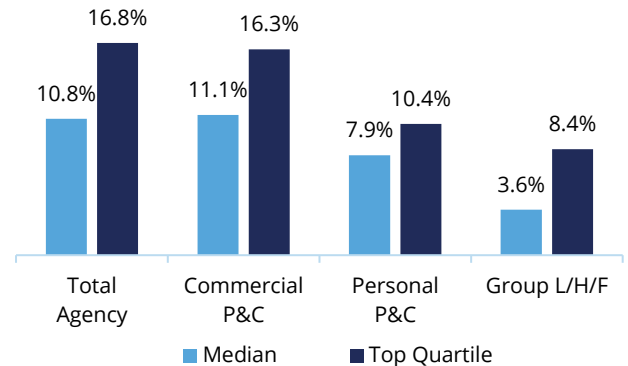
Revenue Distribution

(as a % of Gross Revenue)



Organic Growth in Net Commissions & Fees

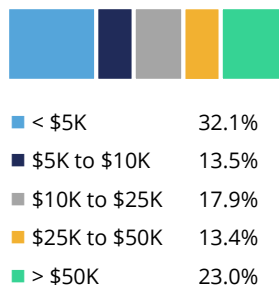
(excluding contingents, bonuses & overrides)



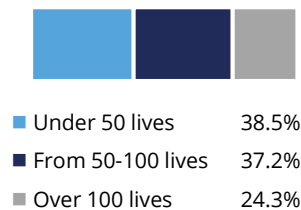
Note: Commercial P&C includes Bonds/Surety. Group L/H/F includes Group Medical, All Other Group, and Individual L/H/F.

Account Stratification

Commercial P&C



Group L/H/F



Notes

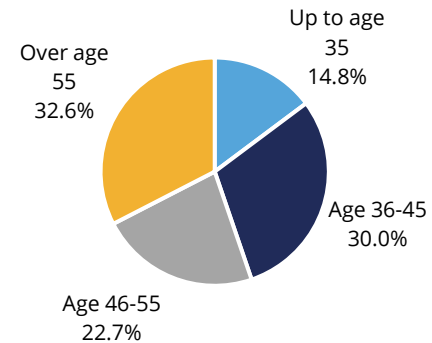
- Organic growth rate both median (10.8%) and Top Quartile (16.8%) in this revenue category posted the highest of all size categories.
- Agencies with \$5–10M in revenue posted the second highest proportion of gross revenues from Commercial P&C (57.4%).

Book of Business per Producer

(commissions and fees)

	New Business	Average Book
Commercial P&C	\$90,362	\$714,502
Personal P&C	\$72,802	\$378,773
Life/Health/Financial	\$71,627	\$559,641
Multi-Line	\$74,639	\$671,199

Book of Business by Age



Effective NUPP

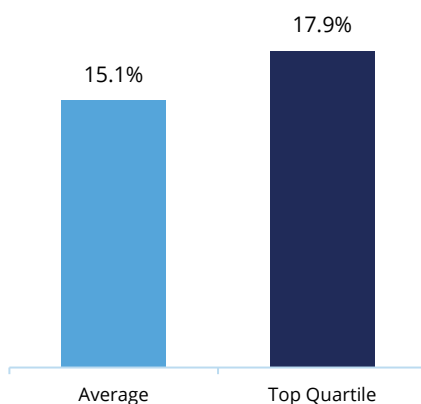
NUPP
1.6%

Producer Success Rate
50.2%

Effective NUPP
0.8%

- Effective NUPP, which is the product of an agency's investment in unvalidated producers (NUPP) and success rate in hiring producers (Producer Success Rate), is expressed as a percentage of net revenue. It is the best overall measure of an agency's effectiveness in recruiting and developing sales talent.
- This revenue category had the second largest new Personal P&C book of business (\$72,802).
- \$5-10M revenue firms posted the highest Sales Velocity for producers up to Age 35 (3.6%) and the third highest average Sales Velocity (15.1%).

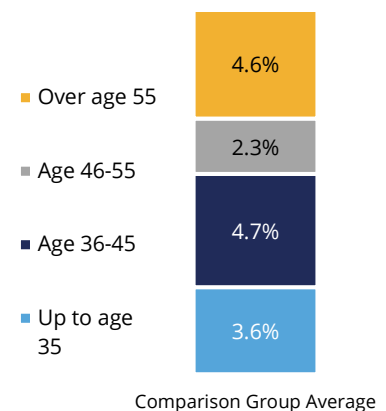
Sales Velocity



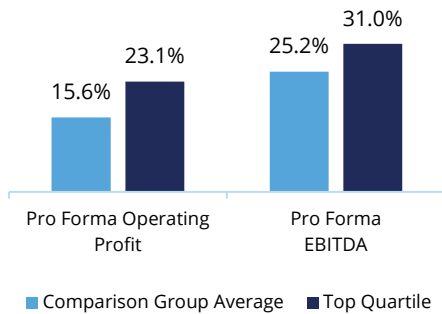
Notes & Definitions

- Sales Velocity is a critical metric in determining organic growth. It is defined as this year's written new business *divided by* last year's commissions and fees.
- Age Banding of Sales Velocity can help a firm assess where new business and growth are coming from and prepare for perpetuation.

Age Banding of Sales Velocity



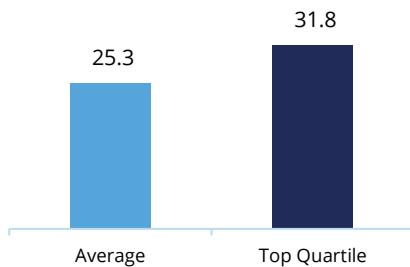
Profitability



Employee Productivity

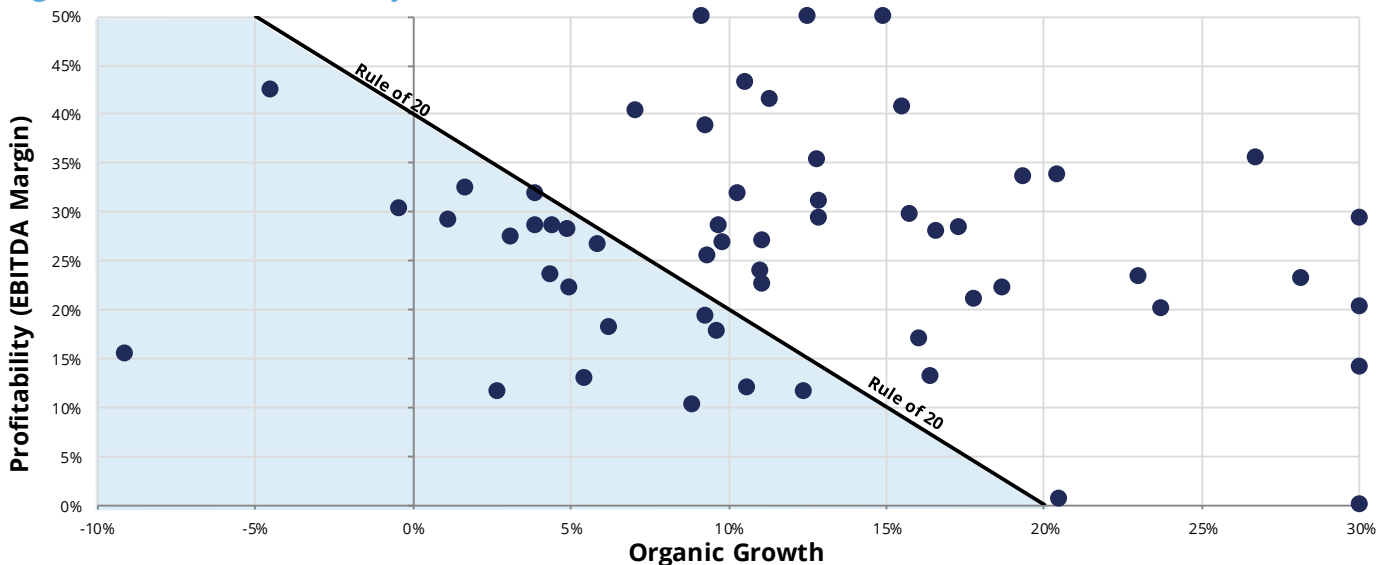
Pro Forma Metrics:	Average	Top Quartile
Number of Employees	36.8	
Revenue per Employee	\$207,698	\$225,234
Compensation per Employee	\$119,909	\$99,701
Spread per Employee	\$87,789	\$98,581

Rule of 20 Score



- The Rule of 20 measures an agency's shareholder returns. It is calculated by adding 50% of an agency's Pro Forma EBITDA margin to its organic commission & fee 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%, a typical agency/brokerage return under normal market conditions.
- The graph below provides a look at the Rule of 20 results for agencies in this revenue category. The solid black line represents all combinations of organic growth and EBITDA margin that result in a Rule of 20 score of 20.

Organic Growth & Profitability Scatter Plot



Note: Firms identified as outliers have been set to have a maximum growth of 30% or a maximum profitability of 50%. They appear on the graph line bordering the chart instead of plotting their actual results.

Executive Summary

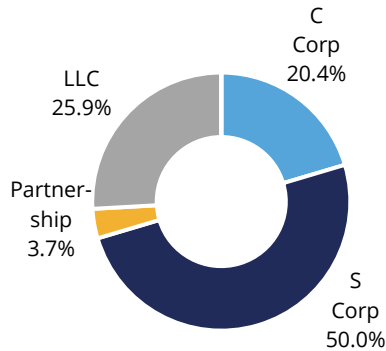
Key Metrics by Agency Revenue Category

\$10-25M

Agencies between \$10 and
\$25 million in revenue

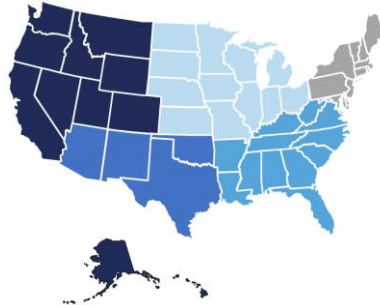
Average Revenues
\$15,636,043

Corporate Structure



Regional Distribution

Northeast	20.8%
Midwest	9.4%
West	18.9%
Southeast	35.8%
Southwest	15.1%



Weighted Average Shareholder Age (WASA)

54.7

Average Number of Shareholders

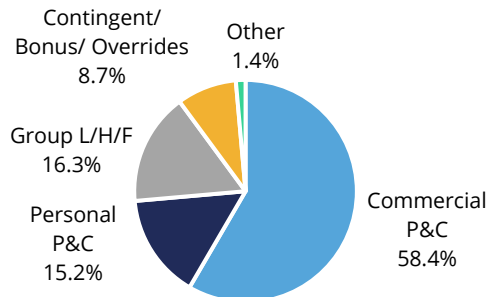
6.1

Average Number of Agency Locations

4.4

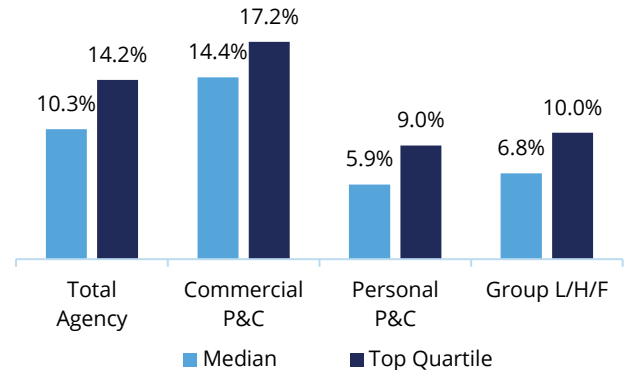
Revenue Distribution

(as a % of Gross Revenue)



Organic Growth in Net Commissions & Fees

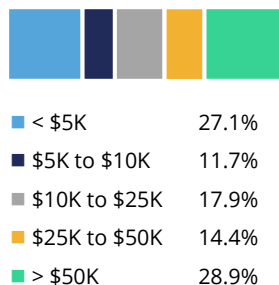
(excluding contingents, bonuses & overrides)



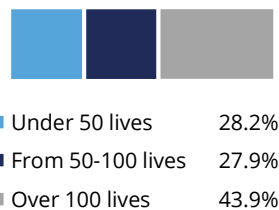
Note: Commercial P&C includes Bonds/Surety. Group L/H/F includes Group Medical, All Other Group, and Individual L/H/F.

Account Stratification

Commercial P&C



Group L/H/F



Notes

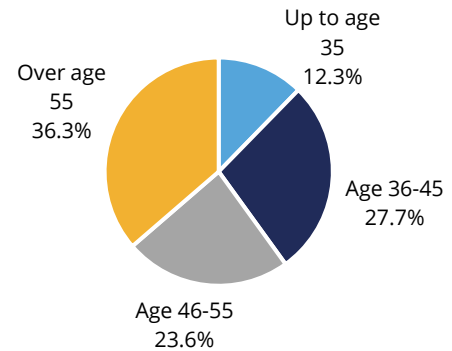
- This category experienced almost the same organic growth in 2023 (10.3%) as it did previously in 2022 (10.2%).
- \$10-\$25M firms had the lowest organic growth for Personal P&C (5.9%) compared to all other revenue categories.

Book of Business per Producer

(commissions and fees)

	New Business	Average Book
Commercial P&C	\$114,807	\$833,085
Personal P&C	\$65,195	\$449,263
Life/Health/Financial	\$110,755	\$883,043
Multi-Line	\$74,506	\$714,901

Book of Business by Age



Effective NUPP

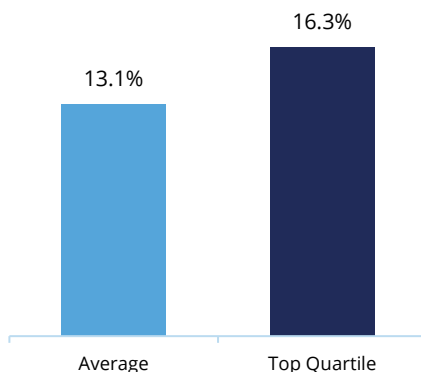
NUPP
1.3%

Producer Success Rate
49.9%

Effective NUPP
0.6%

- Effective NUPP, which is the product of an agency's investment in unvalidated producers (NUPP) and success rate in hiring producers (Producer Success Rate), is expressed as a percentage of net revenue. It is the best overall measure of an agency's effectiveness in recruiting and developing sales talent.
- Effective NUPP dropped from 0.9% last year to 0.6% this year, giving \$10-\$25 million the lowest effective producer investment of any BPS size category.
- This category size produced the lowest sales velocity of any size category at 13.1%, trailing the best performing category (\$1.25-\$2.5M) by 2.7%.

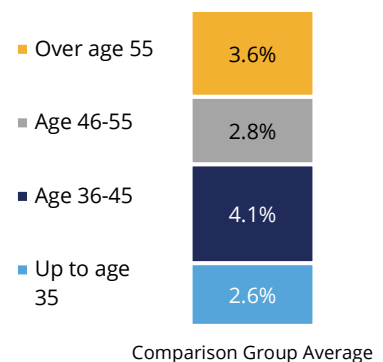
Sales Velocity



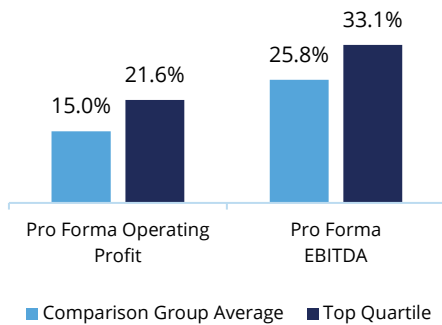
Notes & Definitions

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- Age Banding of Sales Velocity can help a firm assess where new business and growth are coming from and prepare for perpetuation.

Age Banding of Sales Velocity



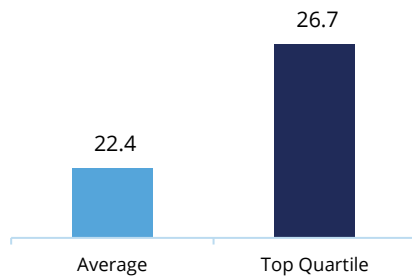
Profitability



Employee Productivity

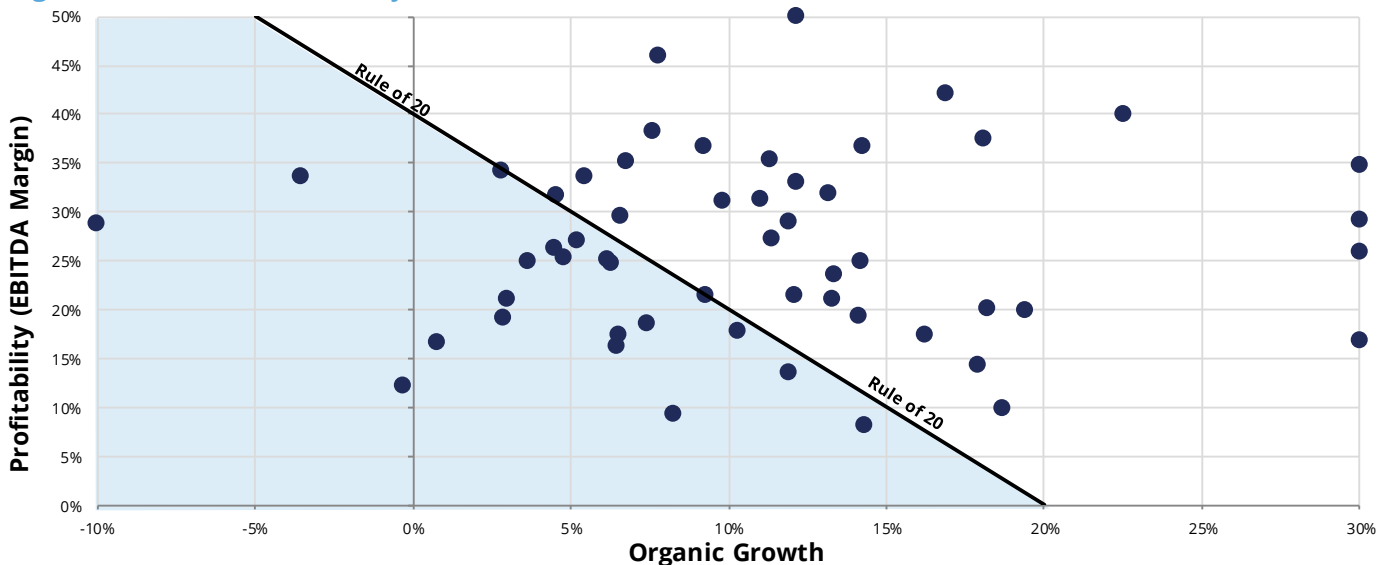
Pro Forma Metrics:	Average	Top Quartile
Number of Employees	68.7	
Revenue per Employee	\$233,451	\$271,995
Compensation per Employee	\$138,242	\$111,066
Spread per Employee	\$95,209	\$108,781

Rule of 20 Score



- The Rule of 20 measures an agency's shareholder returns. It is calculated by adding 50% of an agency's Pro Forma EBITDA margin to its organic commission & fee 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%, a typical agency/brokerage return under normal market conditions.
- The graph below provides a look at the Rule of 20 results for agencies in this revenue category. The solid black line represents all combinations of organic growth and EBITDA margin that result in a Rule of 20 score of 20.

Organic Growth & Profitability Scatter Plot



Note: Firms identified as outliers have been set to have a maximum growth of 30% or a maximum profitability of 50%. They appear on the graph line bordering the chart instead of plotting their actual results.

Executive Summary

Key Metrics by Agency Revenue Category

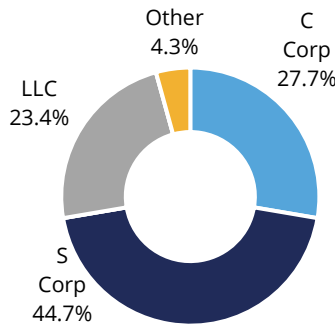
>\$25M

Agencies over \$25 million
in revenue

Average Revenues

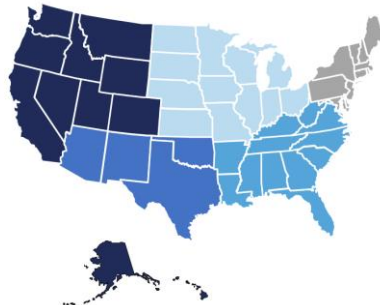
\$75,400,869

Corporate Structure



Regional Distribution

Northeast	13.0%
Midwest	30.4%
West	19.6%
Southeast	26.1%
Southwest	10.9%



Weighted Average Shareholder Age (WASA)

56.6

Average Number of Shareholders

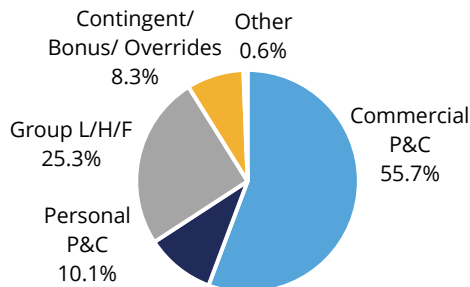
41.3

Average Number of Agency Locations

15.9

Revenue Distribution

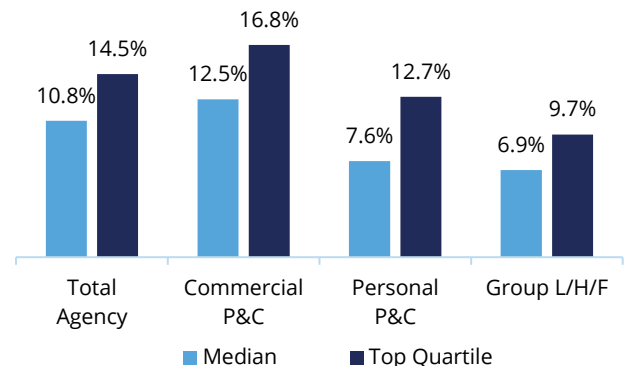
(as a % of Gross Revenue)



Organic Growth in

Net Commissions & Fees

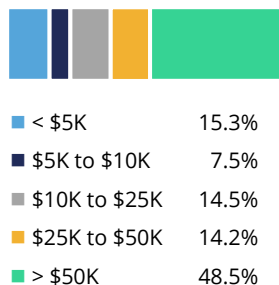
(excluding contingents, bonuses & overrides)



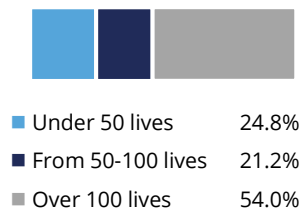
Note: Commercial P&C includes Bonds/Surety. Group L/H/F includes Group Medical, All Other Group, and Individual L/H/F.

Account Stratification

Commercial P&C



Group L/H/F



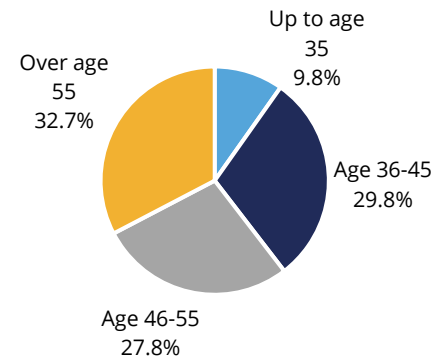
Notes

- Firms over \$25M have a much greater concentration of life & health business than other size categories, generating 25.3% of revenue from L/H/F commissions & fees. This is over 9% higher than any other category.
- Firms over \$25M shared the highest organic growth rate with agencies in the \$5 - \$10M range. This achievement was primarily due to posting the highest growth in renewal and new business of all other agency sizes.

Book of Business per Producer (commissions and fees)

	New Business	Average Book
Commercial P&C	\$162,984	\$1,310,263
Personal P&C	\$84,593	\$611,269
Life/Health/Financial	\$175,461	\$1,113,608
Multi-Line	\$85,676	\$794,133

Book of Business by Age



Effective NUPP

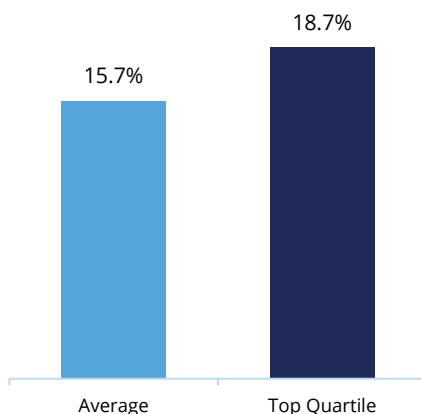
NUPP
1.4%

Producer Success Rate
47.3%

Effective NUPP
0.7%

- Effective NUPP, which is the product of an agency's investment in unvalidated producers (NUPP) and success rate in hiring producers (Producer Success Rate), is expressed as a percentage of net revenue. It is the best overall measure of an agency's effectiveness in recruiting and developing sales talent.
- Firms over \$25M have the third oldest producers (WAPA of 49.4) but also have producers with the largest average book size across all categories. Commercial lines producers average book serviced is \$1,310,263, almost \$500,000 more than any other size category.
- This size category reported the second-highest sales velocity at 15.7%, along with the second-highest top-quartile sales velocity at 18.7%. Over the past year, this segment has seen growth among its younger producers and now boasts the largest sales velocity from producers aged 36 to 45, reaching 5.2%.

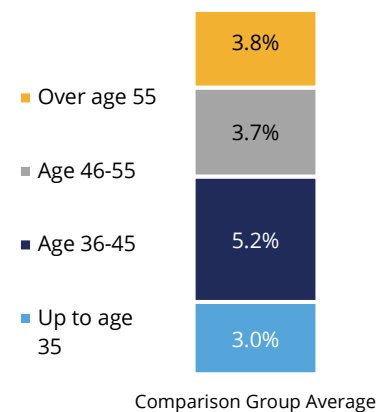
Sales Velocity



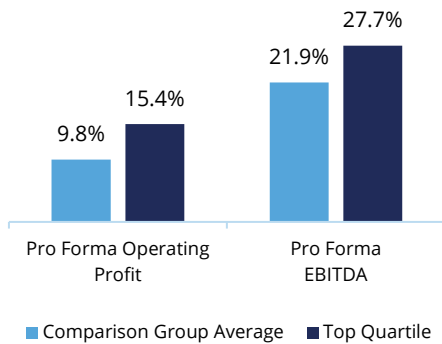
Notes & Definitions

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Age Banding of Sales Velocity



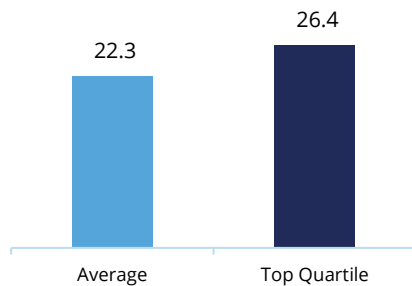
Profitability



Employee Productivity

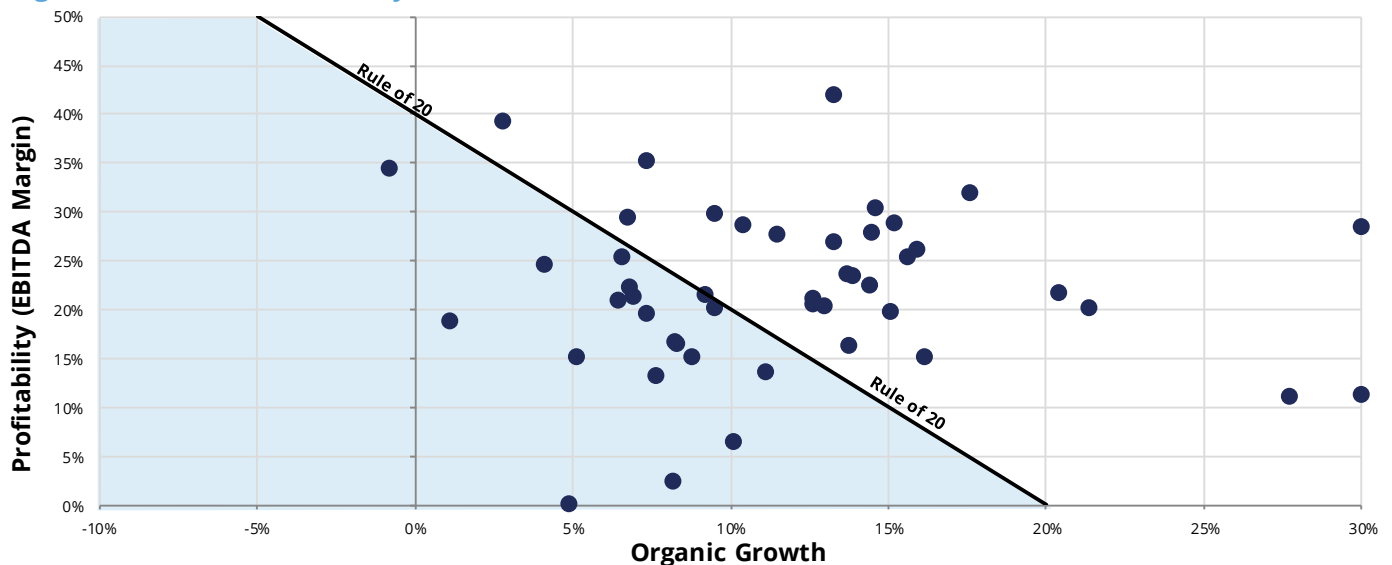
Pro Forma Metrics:	Average	Top Quartile
Number of Employees	291.4	
Revenue per Employee	\$245,503	\$269,782
Compensation per Employee	\$156,366	\$136,299
Spread per Employee	\$89,138	\$105,596

Rule of 20 Score



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Organic Growth & Profitability Scatter Plot



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Cross Category Comparison

Detailed Data for All Revenue Categories

2023

Best Practices Study

Profile

AGENCIES WITH REVENUES OF:

	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Average Revenues	\$824,641	\$1,815,319	\$3,563,292	\$7,054,326	\$15,636,043	\$75,400,869
<i>2022 BPS Average Revenues</i>	<i>\$781,136</i>	<i>\$1,845,007</i>	<i>\$3,608,575</i>	<i>\$7,198,846</i>	<i>\$15,844,262</i>	<i>\$78,877,265</i>
Regional Distribution						
Northeast	18.2%	22.6%	9.3%	17.9%	20.8%	13.0%
Midwest	27.3%	25.8%	27.9%	23.2%	9.4%	30.4%
West	9.1%	6.5%	9.3%	12.5%	18.9%	19.6%
Southeast	40.9%	38.7%	39.5%	30.4%	35.8%	26.1%
Southwest	4.5%	6.5%	14.0%	16.1%	15.1%	10.9%
Corporate Structure						
C Corp	18.2%	12.9%	23.3%	16.1%	20.4%	27.7%
S Corp	59.1%	61.3%	67.4%	50.0%	50.0%	44.7%
Partnership	0.0%	0.0%	0.0%	1.8%	3.7%	0.0%
LLC	18.2%	25.8%	9.3%	30.4%	25.9%	23.4%
Sole Proprietorship	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.0%	0.0%	1.8%	0.0%	4.3%
Population Density:						
Less than 50,000	40.9%	51.6%	46.5%	30.4%	18.5%	14.9%
50,000 - 250,000	27.3%	29.0%	30.2%	30.4%	25.9%	23.4%
250,000 - 1,000,000	18.2%	6.5%	4.7%	21.4%	25.9%	27.7%
More than 1,000,000	13.6%	12.9%	18.6%	17.9%	29.6%	34.0%
Average Number of Agency Locations	1.2	1.5	2.3	2.5	4.4	15.9
Number of Shareholders:						
Low	1.0	1.0	1.0	1.0	1.0	1.0
Average	1.5	2.0	2.6	5.6	6.1	41.3
High	3.0	9.0	6.0	60.0	29.0	265.0
Profile of Largest Shareholder:						
Average Age of Largest Shareholder:						
Low	37.0	26.0	31.0	39.0	35.0	31.0
Average	58.7	48.2	55.9	54.1	57.7	56.2
High	78.0	66.0	72.0	78.0	80.0	74.0
Average Ownership of Largest SH:						
Low	50.0%	11.1%	25.0%	11.0%	12.5%	1.9%
Average	84.6%	79.8%	62.0%	57.9%	51.1%	36.2%
High	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
What percentage of firms have an ESOP?	0.0%	3.2%	0.0%	5.4%	0.0%	19.1%
What percentage of firms are the branch/subsidiary of another corporation?	4.5%	22.6%	11.6%	10.7%	20.4%	17.0%

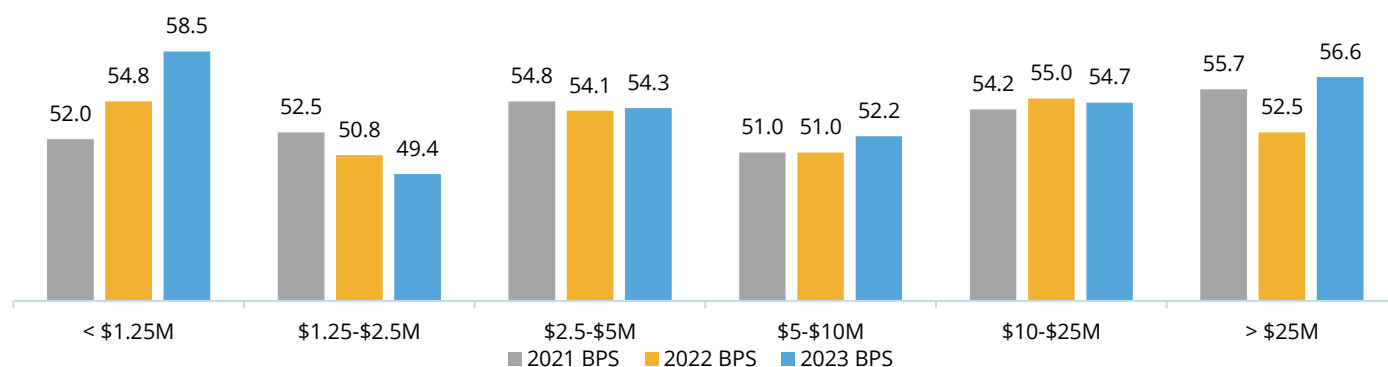
AGENCIES WITH REVENUES OF:

	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Is your agency a member of a franchise, cluster, alliance/cooperative/network or other "aggregator" group?						
Assurex Global	-	-	-	1.8%	20.8%	38.3%
Bainswest	-	3.4%	-	-	-	-
Combined Agents of America	-	3.4%	16.7%	3.6%	1.9%	-
First Choice Agents Alliance	-	3.4%	-	3.6%	1.9%	6.4%
Georgia Agency Partners	-	-	2.4%	-	-	2.1%
Insurance Associates of America	-	-	2.4%	-	-	2.1%
Insurors Group	4.5%	3.4%	-	7.3%	1.9%	-
ISU Insurance Agency Network	9.1%	6.9%	7.1%	1.8%	1.9%	4.3%
Intersure	-	-	-	1.8%	9.4%	8.5%
Keystone Insurers Group	-	10.3%	14.3%	7.3%	3.8%	-
Renaissance Alliance Insurance Services / Agency Network Exchange /						
United Valley Insurance Services	-	3.4%	2.4%	5.5%	1.9%	2.1%
SecureRisk	-	3.4%	7.1%	5.5%	3.8%	6.4%
SIAA	9.1%	6.9%	7.1%	1.8%	11.3%	2.1%
Smart Choice	4.5%	3.4%	-	1.8%	-	-
Iroquois Group	9.1%	6.9%	2.4%	-	11.3%	4.3%
None of the Above	63.6%	48.3%	35.7%	52.7%	43.4%	42.6%

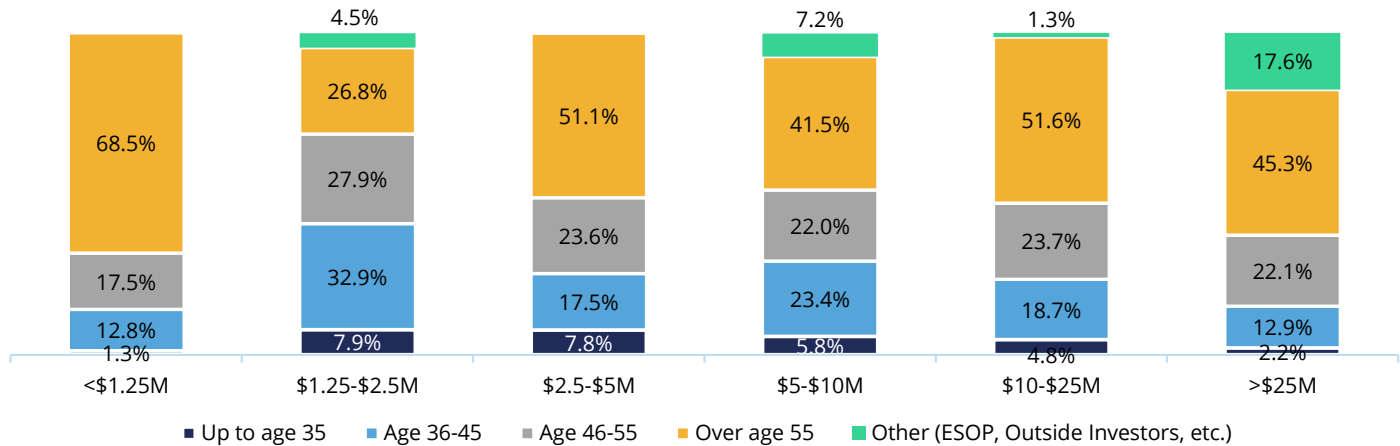
AGENCIES WITH REVENUES OF:

	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
WASA	58.5	49.4	54.3	52.2	54.7	56.6

WASA: Weighted Average Shareholder Age



Equity Ownership Shareholder Age Banding



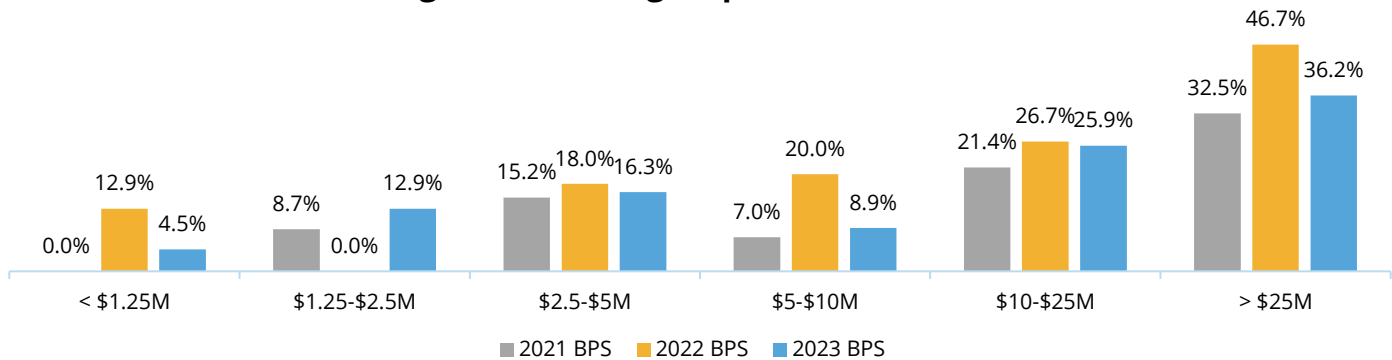
Revenue Overview

AGENCIES WITH REVENUES OF:

	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Revenue by Source (as % of Gross Revenues):						
Property & Casualty:						
Commercial Commissions & Fees	43.5%	47.6%	50.3%	55.4%	55.9%	53.3%
Bonds/Surety	0.4%	0.4%	3.3%	2.0%	2.5%	2.4%
Personal Commissions & Fees	45.1%	38.3%	28.3%	21.6%	15.2%	10.1%
Contingent/Bonus	6.5%	8.4%	9.3%	7.8%	7.8%	6.7%
Total P&C	95.4%	94.7%	91.1%	86.8%	81.4%	72.5%
Life & Health/Financial:						
Group Medical Comm & Fees	1.6%	1.6%	4.5%	8.1%	11.2%	15.4%
All Other Group Comm & Fees	0.3%	0.1%	0.5%	2.3%	4.1%	7.7%
Individual L/H/F Comm & Fees	1.9%	2.7%	2.0%	1.1%	1.1%	2.2%
Bonus/Overrides	0.1%	0.0%	0.0%	0.4%	0.9%	1.6%
Total L&H/Financial	4.0%	4.4%	7.1%	11.9%	17.2%	26.9%
Investment	0.5%	0.3%	0.7%	0.6%	0.8%	0.3%
Miscellaneous	0.1%	0.6%	1.1%	0.7%	0.5%	0.3%
Gross Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Brokerage Comm Expense	0.5%	0.5%	0.4%	0.9%	0.7%	1.2%
Net Revenues	99.5%	99.5%	99.6%	99.1%	99.3%	98.8%
All Other Group L/H/F Revenue:						
Life	19.1%	14.4%	30.5%	20.7%	17.6%	16.9%
Disability	41.7%	10.8%	19.6%	15.1%	18.3%	17.8%
Dental & Vision	36.7%	45.4%	39.7%	37.3%	29.9%	29.5%
Retirement/Pension	0.0%	0.6%	0.0%	0.8%	5.5%	4.7%
Worksite/Voluntary/Supplement	0.8%	0.9%	8.5%	9.8%	13.1%	14.7%
Long Term Care	0.0%	6.7%	0.8%	1.4%	1.3%	1.4%
Employee Benefits TPA	0.0%	0.0%	0.0%	0.0%	1.6%	1.2%
All Other	1.7%	21.2%	0.9%	14.7%	12.6%	13.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Acquisitions

% of Agencies Making Acquisitions in Last Fiscal Year

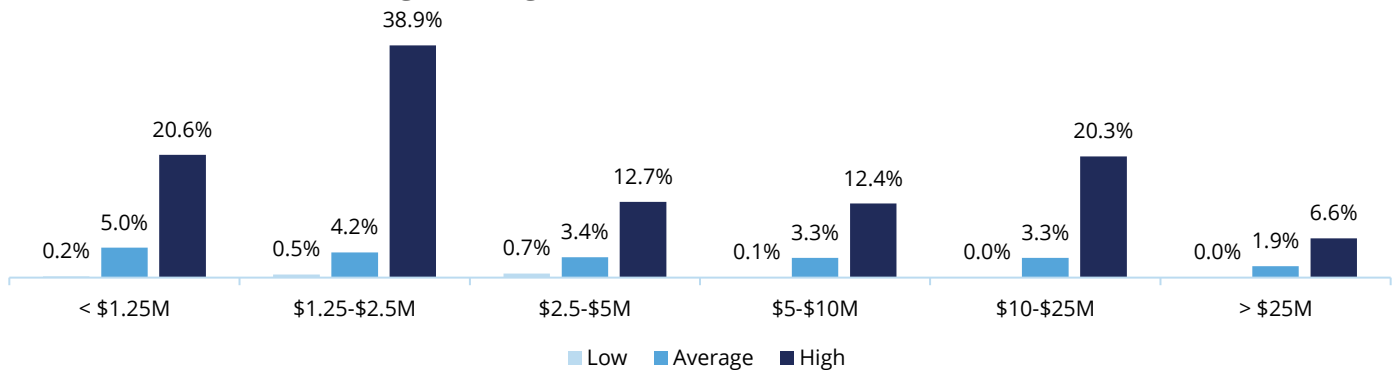


AGENCIES WITH REVENUES OF:

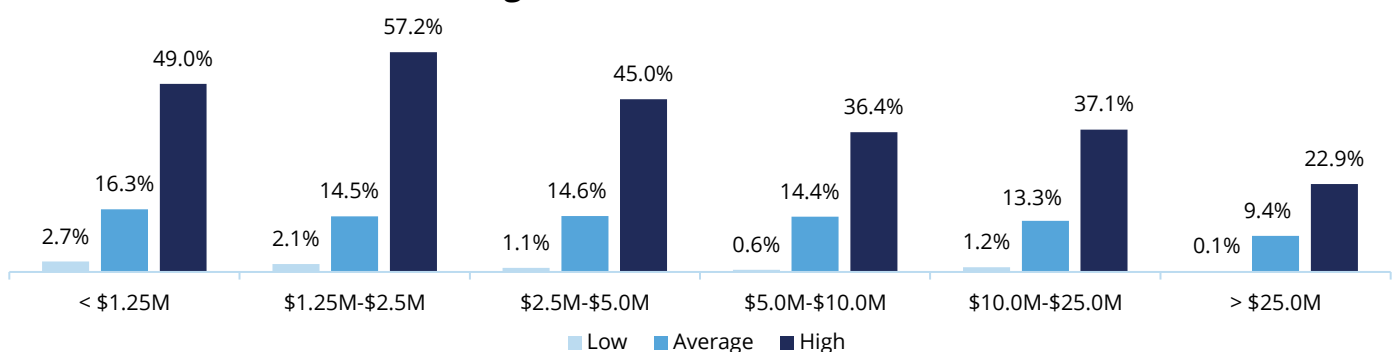
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
% of Agencies Making Acquisitions in the Last Fiscal Year:	4.5%	12.9%	16.3%	8.9%	25.9%	36.2%
Average Annualized Commissions Acquired:	\$101,392	\$427,031	\$344,023	\$579,600	\$3,059,610	\$4,798,751

Account Information

Largest Single Accounts (% of Net Revenues)



Ten Largest Accounts (% of Net Revenues)



Account Stratification

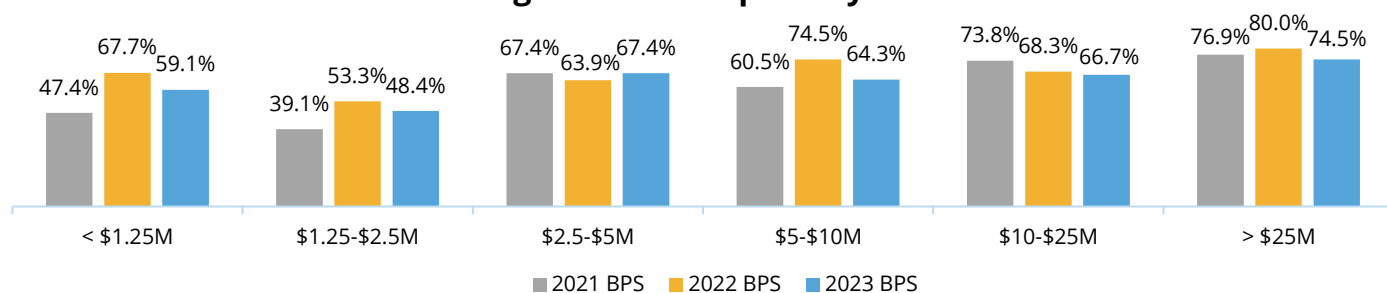
AGENCIES WITH REVENUES OF:

Account Size:	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
<u>Commercial P&C</u>						
<i>*as measured by commissions and fees</i>						
Greater than \$50,000						
% of Book	6.0%	8.1%	14.4%	23.0%	28.9%	48.5%
# of Accounts	0.5	0.9	4.1	10.4	31.8	156.8
Total Revenue	\$42,538	\$85,253	\$353,002	\$1,055,685	\$3,146,159	\$24,915,791
Revenue per Account	\$85,077	\$97,883	\$86,245	\$101,578	\$98,947	\$158,893
Between \$25,000 and \$50,000						
% of Book	8.0%	7.0%	13.1%	13.4%	14.4%	14.2%
# of Accounts	1.4	1.9	9.3	18.6	40.1	140.6
Total Revenue	\$45,101	\$61,081	\$320,831	\$620,464	\$1,390,661	\$4,910,463
Revenue per Account	\$32,007	\$31,559	\$34,489	\$33,378	\$34,654	\$34,921
Between \$10,000 & \$25,000						
% of Book	11.3%	13.7%	18.6%	17.9%	17.9%	14.5%
# of Accounts	4.2	8.1	29.5	55.1	112.0	308.5
Total Revenue	\$54,959	\$111,406	\$434,032	\$810,448	\$1,709,063	\$4,844,528
Revenue per Account	\$13,142	\$13,814	\$14,719	\$14,712	\$15,262	\$15,702
Between \$5,000 & \$10,000						
% of Book	10.3%	13.3%	14.5%	13.5%	11.7%	7.5%
# of Accounts	8.4	17.8	50.4	84.3	153.1	335.3
Total Revenue	\$51,748	\$119,813	\$340,117	\$570,678	\$1,073,120	\$2,367,932
Revenue per Account	\$6,154	\$6,716	\$6,752	\$6,774	\$7,010	\$7,061
Less than \$5,000						
% of Book	64.4%	57.9%	39.4%	32.1%	27.1%	15.3%
# of Accounts	493.1	1,259.6	1,241.2	1,756.4	3,345.5	6,095.7
Total Revenue	\$278,742	\$592,231	\$837,316	\$1,385,571	\$2,424,483	\$4,709,703
Revenue per Account	\$565	\$470	\$675	\$789	\$725	\$773
<u>Group L/H/F</u>						
<i>*as measured by number of lives</i>						
Over 100 Lives						
% of Book	1.1%	7.3%	13.1%	24.3%	43.9%	54.0%
# of Accounts	-	0.1	1.0	5.8	19.6	149.4
Total Revenue	\$1,516	\$1,259	\$42,634	\$264,082	\$1,352,556	\$9,282,894
Revenue per Account	\$-	\$19,510	\$53,125	\$59,976	\$71,118	\$70,631
50-100 Lives						
% of Book	49.5%	46.3%	43.5%	37.2%	27.9%	21.2%
# of Accounts	-	0.1	2.9	6.9	17.0	92.3
Total Revenue	\$12,775	\$29,003	\$101,256	\$304,732	\$495,781	\$2,379,174
Revenue per Account	\$-	\$16,688	\$52,112	\$60,739	\$35,296	\$31,814
Under 50 Lives						
% of Book	49.5%	46.3%	43.5%	38.5%	28.2%	24.8%
# of Accounts	5.7	12.8	59.0	112.8	155.3	664.3
Total Revenue	\$12,775	\$29,003	\$101,256	\$309,344	\$506,887	\$3,010,153
Revenue per Account	\$2,818	\$4,119	\$2,328	\$4,680	\$5,676	\$6,636

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

Specialization

% of Agencies with Specialty Revenue



AGENCIES WITH REVENUES OF:

	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
% of Agencies with Specialty Rev	59.1%	48.4%	67.4%	64.3%	66.7%	74.5%
Average Total Specialty Revenue ¹	\$310,780	\$524,977	\$1,358,578	\$3,186,255	\$6,330,285	\$44,494,374
Average % Net Revenue ¹	31.5%	26.8%	37.3%	43.0%	40.4%	46.0%
¹ Only for those firms who reported specialty revenues						
<u>Specialty Revenues:</u>						
% of Comparison Group with this Specialty:						
Agriculture	13.6%	16.1%	34.9%	17.9%	18.5%	34.0%
Construction	45.5%	22.6%	53.5%	42.9%	42.6%	61.7%
Energy	9.1%	0.0%	20.9%	12.5%	13.0%	23.4%
Government/Municipality	13.6%	12.9%	27.9%	23.2%	22.2%	38.3%
Healthcare	9.1%	3.2%	23.3%	30.4%	22.2%	44.7%
Hospitality	27.3%	6.5%	23.3%	21.4%	24.1%	23.4%
Manufacturing	13.6%	9.7%	30.2%	28.6%	25.9%	46.8%
Management / D&O	27.3%	6.5%	16.3%	19.6%	11.1%	14.9%
Non-profits	18.2%	6.5%	25.6%	19.6%	27.8%	23.4%
Real Estate	18.2%	9.7%	34.9%	26.8%	31.5%	44.7%
Schools/Education	4.5%	3.2%	25.6%	26.8%	25.9%	38.3%
Transportation	27.3%	3.2%	7.0%	16.1%	16.7%	23.4%
Technology	18.2%	6.5%	23.3%	25.0%	27.8%	38.3%
Other	9.1%	16.1%	20.9%	28.6%	29.6%	53.2%
For firms that specialize in this, what % of NR is from this specialty?						
Agriculture	42.0%	47.8%	23.2%	14.4%	18.2%	3.2%
Construction	42.0%	52.1%	36.6%	40.0%	47.4%	24.5%
Energy	18.4%	0.0%	31.4%	3.9%	5.8%	7.4%
Government/Municipality	40.9%	18.0%	17.1%	10.7%	8.7%	11.0%
Healthcare	1.5%	9.9%	7.5%	16.2%	8.9%	11.2%
Hospitality	30.1%	54.3%	7.2%	6.6%	8.7%	2.9%
Manufacturing	7.1%	19.0%	16.9%	14.9%	12.4%	19.1%
Management / D&O	19.9%	6.4%	2.4%	9.8%	2.4%	15.5%
Non-profits	10.8%	7.0%	4.8%	16.1%	12.4%	9.4%
Real Estate	13.7%	60.0%	8.6%	19.0%	19.9%	14.3%
Schools/Education	7.2%	78.3%	9.8%	5.8%	11.3%	11.3%
Transportation	10.7%	0.4%	4.6%	8.1%	6.5%	7.5%
Technology	13.7%	28.2%	9.8%	9.9%	22.7%	8.8%
Other	22.8%	61.3%	48.8%	54.4%	44.7%	32.7%

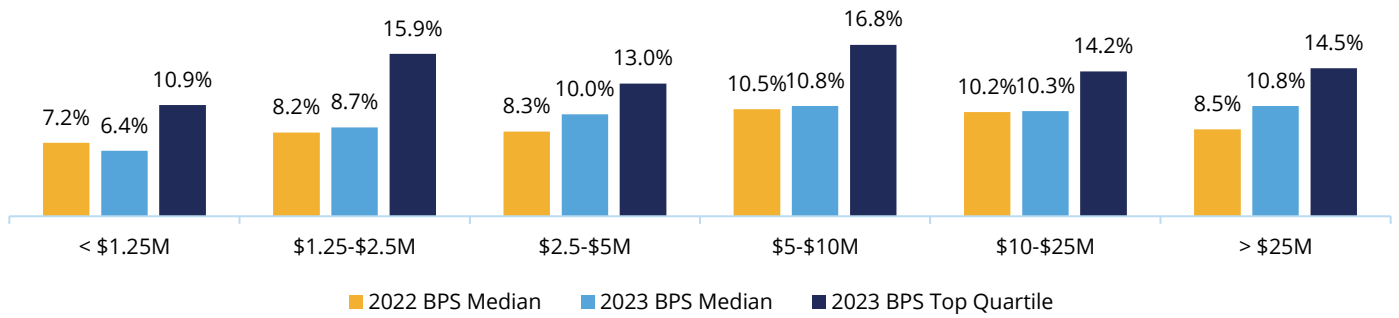
Revenue Growth

MEDIAN	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Revenue Growth by Source:						
TOTAL COMMISSIONS & FEES						
Renewal Business	93.8%	96.6%	96.9%	96.7%	96.3%	97.4%
New Business	11.5%	13.1%	13.0%	13.0%	12.2%	14.0%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Growth	8.1%	9.0%	10.0%	11.5%	11.3%	11.5%
Organic Growth	6.4%	8.7%	10.0%	10.8%	10.3%	10.8%
Brokerage Commission Expense	11.2%	7.9%	22.6%	9.4%	-0.5%	11.6%
Net Commissions and Fees						
Total Growth	8.1%	9.0%	10.0%	11.5%	11.3%	11.5%
Organic Growth	6.4%	8.7%	10.0%	10.8%	10.3%	10.8%
<i>2022 BPS Organic Growth</i>	<i>7.2%</i>	<i>8.2%</i>	<i>8.3%</i>	<i>10.5%</i>	<i>10.2%</i>	<i>8.5%</i>
P&C Contingent Income	1.3%	-5.9%	7.3%	-0.7%	5.9%	14.2%
L/H/F Bonus Income	-37.5%		11.1%	1.8%	-5.6%	3.2%
Investment Income	-16.0%	14.0%	7.9%	1.2%	-2.1%	13.0%
Miscellaneous Income		12.1%	51.9%	4.3%	37.2%	34.4%
NET REVENUE TOTAL GROWTH	5.7%	10.7%	10.9%	9.4%	9.5%	10.5%
NET REVENUE ORGANIC GROWTH	4.7%	10.1%	10.3%	9.1%	9.4%	9.9%

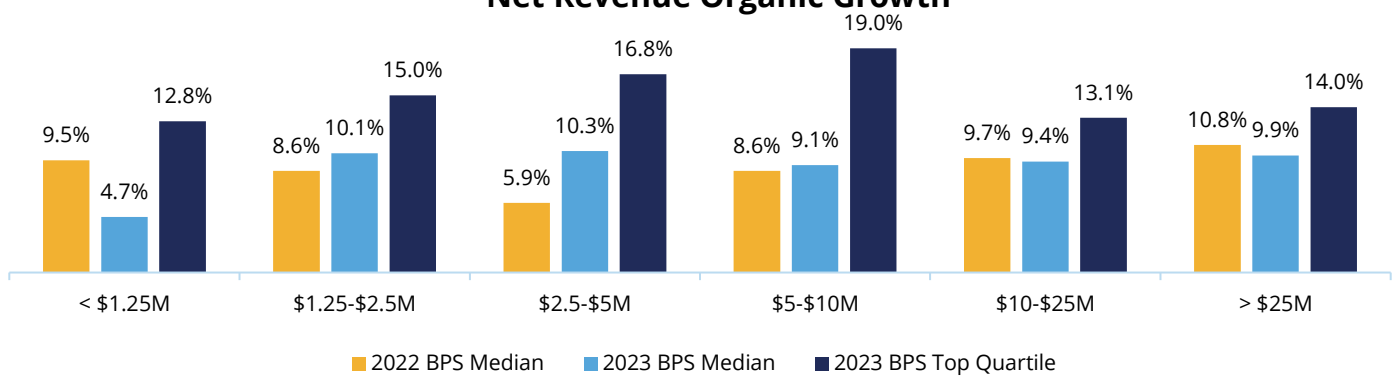
TOP QUARTILE	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Renewal Business	101.5%	99.9%	99.9%	102.3%	101.2%	99.4%
New Business	14.2%	19.4%	17.9%	18.3%	16.9%	19.3%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%
Total Growth	14.0%	16.1%	14.1%	17.4%	14.3%	15.1%
Organic Growth	10.9%	15.9%	13.0%	16.5%	13.3%	14.3%
Brokerage Commission Expense		10.2%	62.4%	26.9%	26.0%	32.4%
Net Commissions and Fees						
Total Growth	13.8%	16.0%	14.2%	17.4%	14.3%	14.6%
Organic Growth	10.9%	15.9%	13.0%	16.8%	14.2%	14.5%
<i>2022 BPS Organic Growth</i>	<i>18.6%</i>	<i>19.5%</i>	<i>19.1%</i>	<i>24.4%</i>	<i>20.9%</i>	<i>25.4%</i>
P&C Contingent Income	17.7%	3.7%	20.8%	14.3%	20.7%	24.0%
L/H/F Bonus Income	-37.5%		11.1%	24.6%	0.7%	22.8%
Investment Income	-1.4%	38.7%	16.7%	18.1%	22.8%	29.7%
Miscellaneous Income		222.7%	87.6%	66.6%	62.1%	123.8%
NET REVENUE TOTAL GROWTH	15.5%	15.2%	16.9%	20.1%	13.4%	14.1%
NET REVENUE ORGANIC GROWTH	12.8%	15.0%	16.8%	19.0%	13.1%	14.0%

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.

Net Commissions & Fees Organic Growth



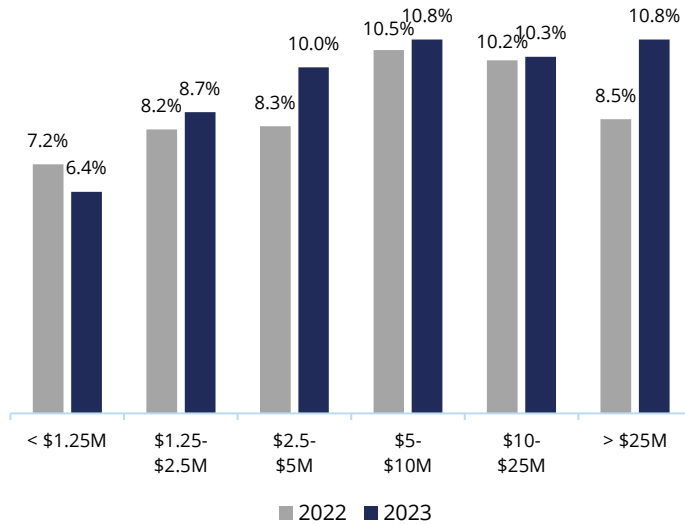
Net Revenue Organic Growth



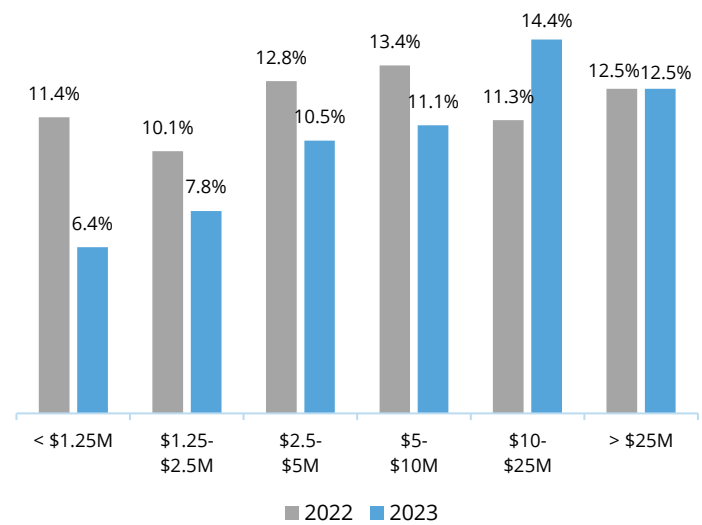
Median Organic Growth in Net Commissions & Fees by Line of Business

(excluding contingents, bonuses & overrides)

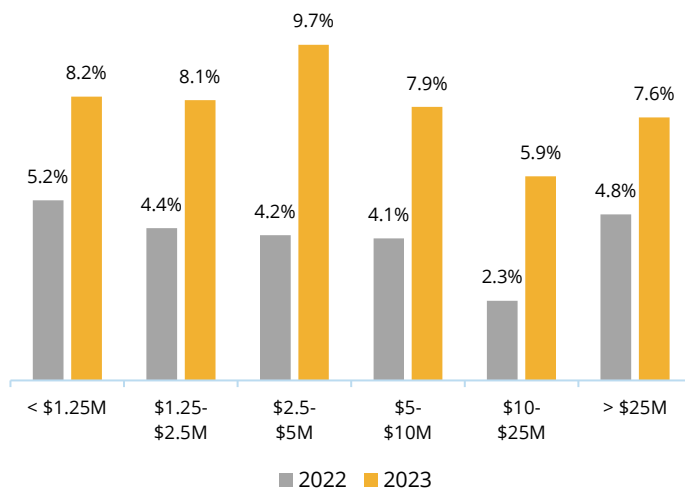
Total Agency



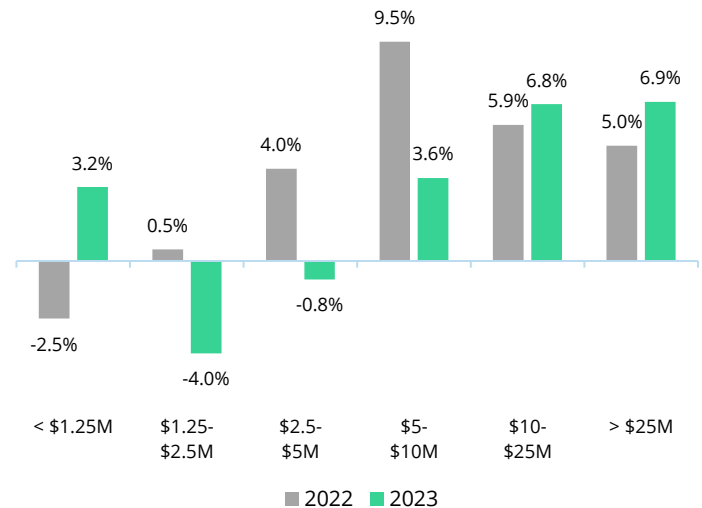
Commercial Lines



Personal Lines



Group L/H/F



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

Revenue Growth by Line of Business

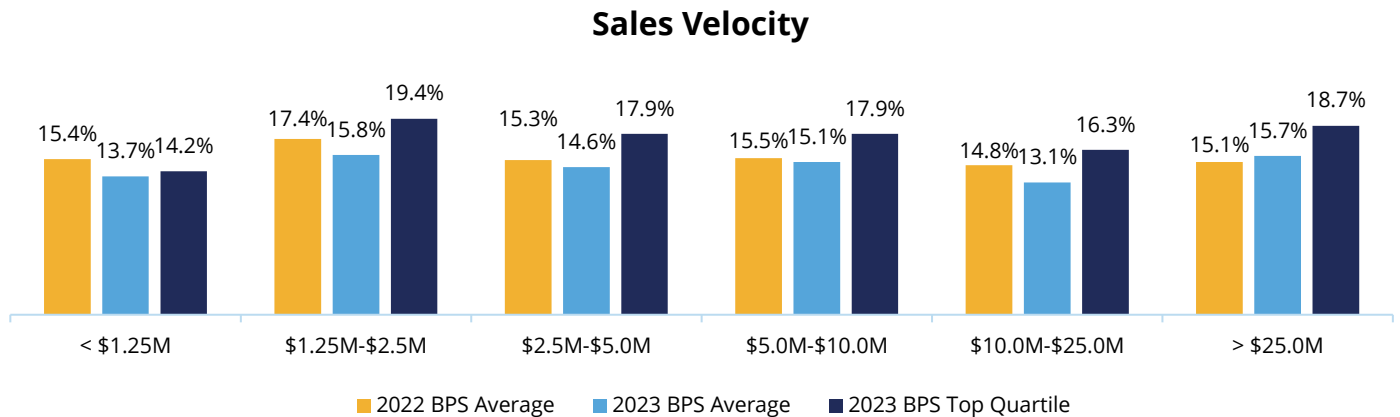
MEDIAN	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
REVENUE GROWTH BY LINE OF BUSINESS:						
Commercial P&C						
Renewal Business	95.1%	96.6%	98.1%	101.9%	98.1%	98.9%
New Business	10.6%	12.0%	11.9%	11.1%	12.2%	13.3%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL GROWTH	6.2%	7.3%	10.6%	12.5%	11.2%	12.3%
ORGANIC GROWTH	6.2%	6.1%	10.3%	12.4%	10.9%	12.4%
Bonds/Surety						
Renewal Business	100.0%	67.1%	56.0%	57.0%	49.4%	58.4%
New Business	3.0%	26.0%	60.5%	50.1%	72.6%	66.1%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL GROWTH	20.8%	0.0%	2.4%	3.7%	10.7%	22.4%
ORGANIC GROWTH	20.8%	0.0%	3.3%	3.7%	10.7%	20.5%
Personal P&C						
Renewal Business	97.1%	97.5%	98.8%	97.7%	96.1%	96.3%
New Business	12.2%	10.5%	9.9%	10.1%	9.5%	10.9%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL GROWTH	9.6%	8.5%	9.8%	8.1%	7.3%	9.5%
ORGANIC GROWTH	8.2%	8.1%	9.7%	7.9%	5.9%	7.6%
Group Medical						
Renewal Business	93.9%	95.7%	95.7%	97.0%	94.3%	94.4%
New Business	1.5%	2.5%	6.6%	5.4%	10.3%	9.6%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL GROWTH	0.0%	11.8%	3.6%	4.9%	6.4%	4.9%
ORGANIC GROWTH	0.0%	11.8%	3.0%	4.9%	5.4%	4.8%
All Other Group						
Renewal Business	81.8%	106.2%	92.5%	89.2%	90.5%	97.1%
New Business	33.7%	0.4%	9.6%	11.4%	11.6%	12.5%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL GROWTH	10.0%	11.5%	-1.6%	4.5%	4.4%	10.2%
ORGANIC GROWTH	10.0%	11.5%	-1.6%	4.5%	4.3%	10.4%
Individual L/H/F						
Renewal Business	49.3%	47.3%	35.5%	85.8%	56.9%	69.0%
New Business	29.3%	29.0%	64.8%	24.0%	55.5%	35.6%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL GROWTH	2.9%	-6.2%	-2.1%	4.0%	2.2%	0.2%
ORGANIC GROWTH	2.9%	-6.2%	-2.1%	4.0%	1.4%	-1.6%

TOP QUARTILE

AGENCIES WITH REVENUES OF:

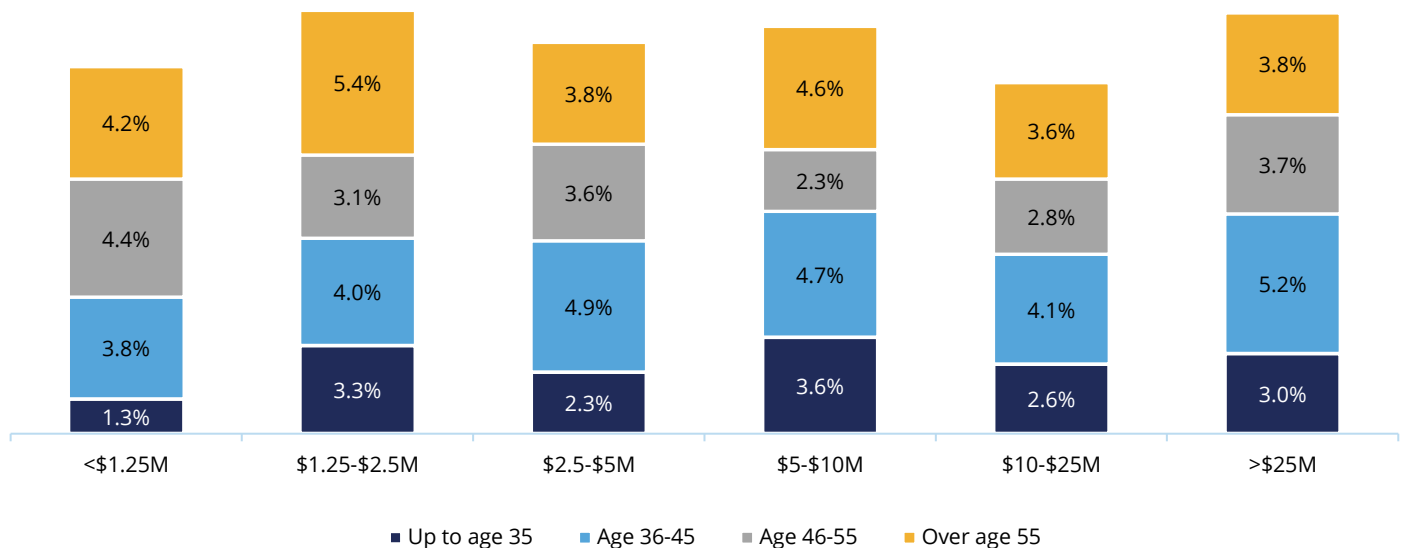
REVENUE GROWTH BY LINE OF BUSINESS:	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Commercial P&C						
Renewal Business	104.1%	102.0%	100.9%	106.0%	102.6%	102.4%
New Business	16.1%	18.8%	18.7%	16.5%	15.0%	17.4%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
TOTAL GROWTH	12.0%	13.2%	14.6%	19.1%	15.7%	17.1%
ORGANIC GROWTH	12.0%	13.6%	13.9%	17.3%	14.9%	17.0%
Bonds/Surety						
Renewal Business	131.7%	91.1%	91.2%	94.7%	89.5%	104.5%
New Business	14.6%	82.5%	96.2%	80.9%	102.1%	92.1%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL GROWTH	31.5%	8.4%	19.2%	25.0%	25.7%	32.2%
ORGANIC GROWTH	31.5%	8.4%	22.5%	25.0%	25.7%	29.7%
Personal P&C						
Renewal Business	100.8%	100.8%	103.6%	102.7%	100.2%	101.3%
New Business	15.2%	17.6%	12.6%	16.8%	12.3%	13.7%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	3.6%
TOTAL GROWTH	19.3%	14.6%	12.9%	10.8%	11.6%	16.8%
ORGANIC GROWTH	12.9%	14.5%	12.7%	10.4%	9.0%	12.7%
Group Medical						
Renewal Business	100.0%	106.2%	101.1%	102.6%	102.5%	99.9%
New Business	15.0%	17.2%	12.5%	13.7%	16.8%	15.6%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL GROWTH	14.2%	17.2%	7.0%	12.1%	14.4%	8.6%
ORGANIC GROWTH	14.2%	17.2%	7.0%	10.5%	11.3%	7.7%
All Other Group						
Renewal Business	85.8%	135.8%	112.1%	105.5%	100.3%	102.6%
New Business	50.1%	1.6%	29.4%	25.3%	20.6%	20.2%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL GROWTH	15.4%	14.3%	14.6%	14.0%	13.1%	16.4%
ORGANIC GROWTH	15.4%	14.3%	14.6%	14.0%	17.6%	17.2%
Individual L/H/F						
Renewal Business	92.7%	68.7%	74.8%	97.4%	87.9%	88.2%
New Business	62.3%	61.6%	100.0%	45.4%	82.6%	69.6%
Acquired Business	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL GROWTH	17.1%	16.1%	17.9%	16.6%	19.9%	6.9%
ORGANIC GROWTH	17.1%	16.1%	15.7%	16.6%	19.5%	6.3%

Sales Velocity



- Sales Velocity is an excellent measure of an agency's success in writing new business. It is calculated by dividing new commission and fee income written by prior year commission and fee income.
- The Age Banding of Sales Velocity takes it a step further by showing Sales Velocity contributions by different producer age groupings (35 and under, 36-45, 46-55, over 55).

Age Banding of Sales Velocity



Pro Forma Expenses

(expressed as a percentage of pro forma net revenues)

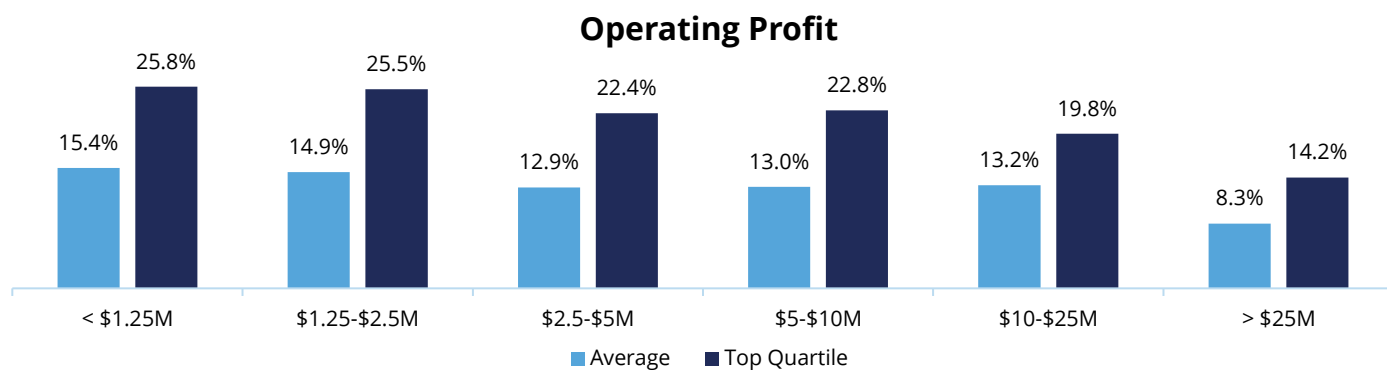
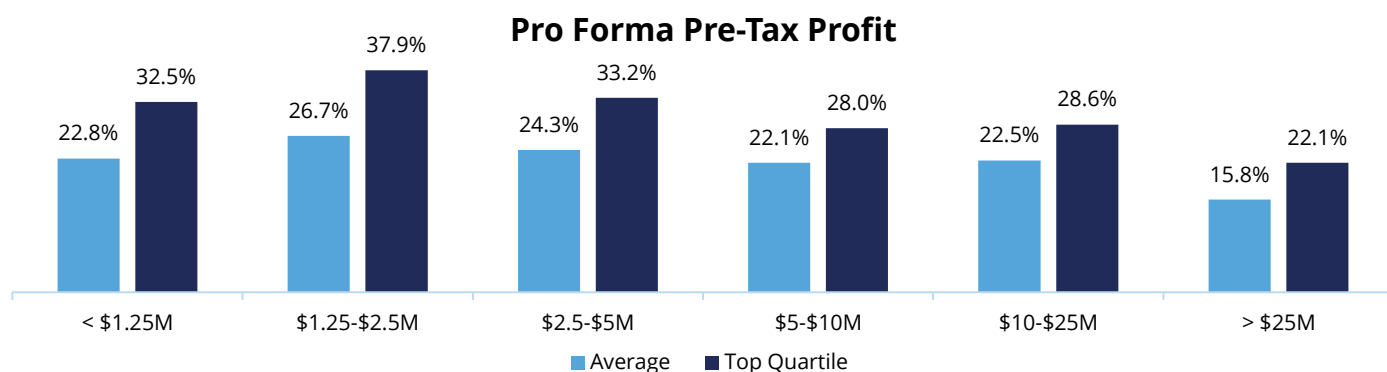
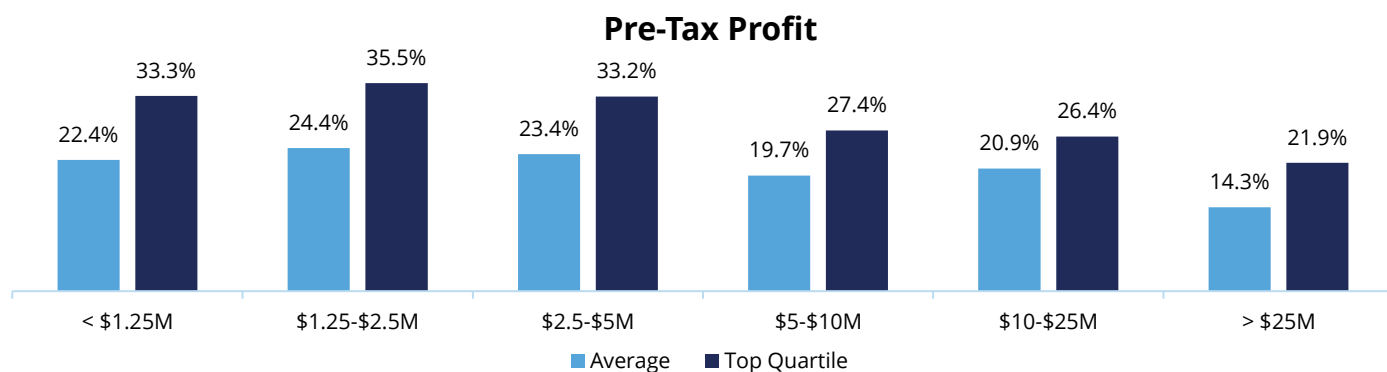
AGENCIES WITH REVENUES OF:

Compensation	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
<u>Payroll</u>						
Employees	38.3%	37.0%	44.9%	47.7%	48.5%	53.3%
"Non-employees" (1099 Prods/outourced)	2.5%	3.1%	1.8%	3.2%	3.3%	2.6%
Total Payroll	40.8%	40.1%	46.7%	51.0%	51.9%	55.9%
<u>Benefits</u>						
Payroll Taxes	4.0%	3.6%	3.2%	3.1%	2.9%	2.9%
Retirement	1.0%	1.4%	1.9%	1.6%	1.5%	1.6%
Insurance	3.1%	3.3%	3.4%	3.3%	2.8%	3.4%
Other	0.6%	0.2%	0.1%	0.2%	0.2%	0.3%
Total Benefits	8.8%	8.5%	8.6%	8.2%	7.5%	8.2%
Total Compensation	49.6%	48.6%	55.3%	59.1%	59.4%	64.1%
<u>Selling</u>						
Travel and Ent./Conventions	0.7%	0.8%	0.9%	1.0%	1.1%	1.4%
Automobile Expense	0.6%	0.5%	0.6%	0.5%	0.4%	0.4%
Advertising/Promotions	2.1%	1.5%	1.3%	0.9%	0.9%	0.9%
Total Selling	3.4%	2.9%	2.8%	2.4%	2.4%	2.7%
<u>Operating</u>						
Occupancy Expenses ¹	4.4%	4.2%	3.5%	3.5%	3.1%	3.1%
Office Equipment Expenses	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%
IT Expenses	3.1%	3.3%	2.7%	2.8%	2.7%	2.6%
Telephone	1.0%	0.5%	0.5%	0.5%	0.4%	0.3%
Postage	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%
Supplies/Printing	0.8%	0.5%	0.7%	0.5%	0.4%	0.3%
Dues/Subscriptions/Contributions	1.3%	0.9%	1.0%	0.8%	0.7%	0.6%
Taxes/Licenses	0.4%	0.3%	0.4%	0.4%	0.3%	0.3%
Insurance	1.4%	1.4%	1.2%	1.1%	1.1%	1.0%
Professional Fees	0.7%	0.8%	0.9%	1.0%	0.9%	1.0%
Bad Debts	0.1%	0.1%	0.2%	0.0%	0.1%	0.1%
Outside Services	0.3%	0.4%	0.6%	0.7%	1.2%	1.1%
Education/Training	0.3%	0.4%	0.5%	0.2%	0.3%	0.3%
Miscellaneous	0.3%	0.6%	0.4%	0.4%	0.5%	0.3%
Total Operating	14.7%	14.0%	13.0%	12.2%	12.0%	11.3%
<u>Administrative</u>						
Depreciation	0.6%	1.6%	0.8%	0.7%	0.4%	0.9%
Amortization of Intangibles	0.8%	1.4%	1.1%	1.1%	1.7%	3.1%
Officer Life	0.3%	0.2%	0.2%	0.2%	0.2%	0.1%
Interest	1.5%	0.9%	0.6%	0.7%	0.7%	1.6%
Other	0.0%	0.8%	0.6%	0.3%	0.7%	0.5%
Total Administrative	3.2%	4.9%	3.3%	3.1%	3.7%	6.1%
TOTAL EXPENSES (PRO FORMA)	70.9%	70.4%	74.3%	76.9%	77.5%	84.2%
PRO FORMA PRE-TAX PROFIT/LOSS	22.8%	26.7%	24.3%	22.1%	22.5%	15.8%
PRO FORMA EBITDA ²	26.6%	30.9%	27.2%	25.2%	25.8%	21.9%

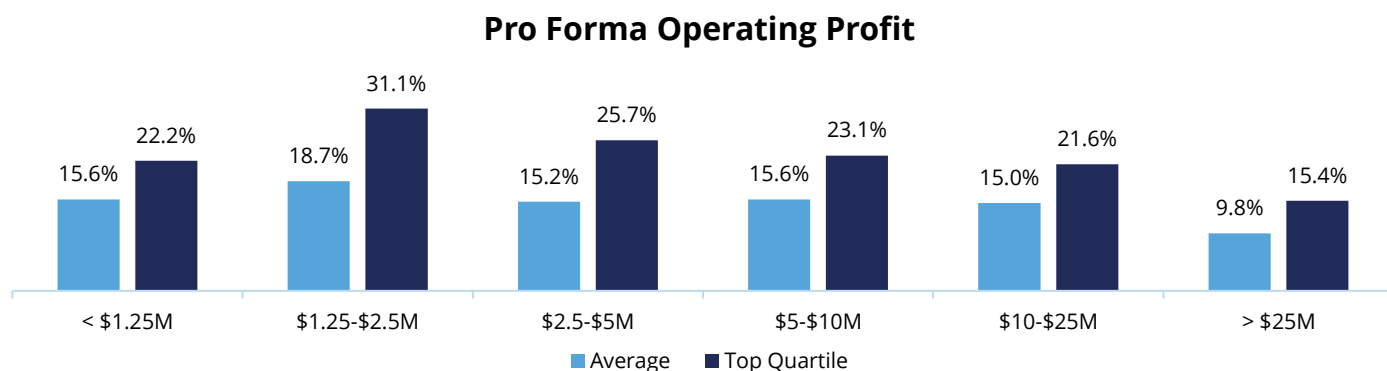
¹For firms that own their building and reported a much lower than peer expense load, we have normalized their occupancy expense.

²Pro Forma EBITDA reflects normalized income and expenses after discretionary owner expenses are eliminated; excludes all administrative expenses.

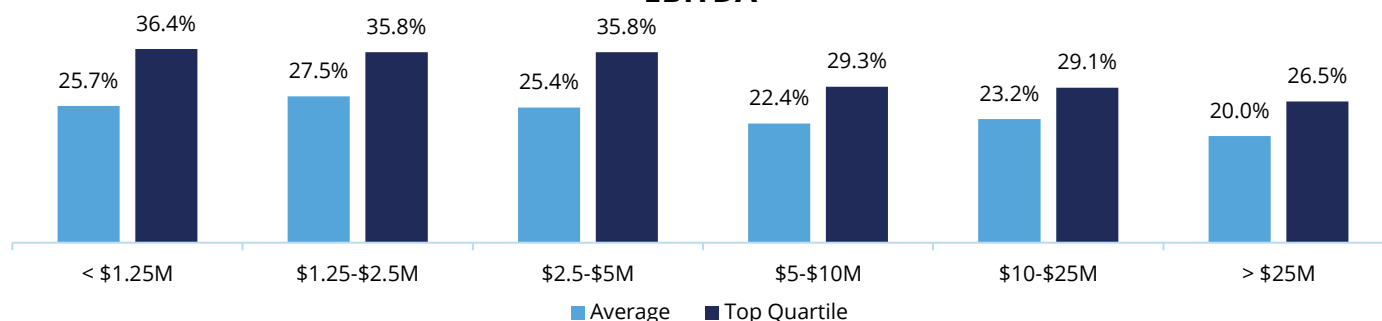
Profitability



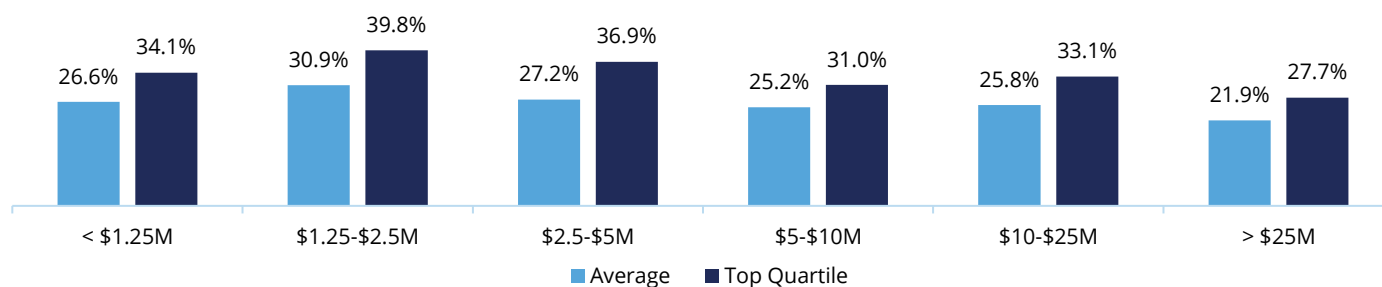
Note: Operating Profit is pre-tax profit less contingent income and less bonus/override income.



EBITDA



Pro Forma EBITDA



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

AVERAGE

	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Pre-Tax Profit	22.4%	24.4%	23.4%	19.7%	20.9%	14.3%
Pro Forma Pre-Tax Profit	22.8%	26.7%	24.3%	22.1%	22.5%	15.8%
Operating Profit ¹	15.4%	14.9%	12.9%	13.0%	13.2%	8.3%
Pro Forma Operating Profit	15.6%	18.7%	15.2%	15.6%	15.0%	9.8%
EBITDA	25.7%	27.5%	25.4%	22.4%	23.2%	20.0%
Pro Forma EBITDA ²	26.6%	30.9%	27.2%	25.2%	25.8%	21.9%

TOP QUARTILE

	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Pre-Tax Profit	33.3%	35.5%	33.2%	27.4%	26.4%	21.9%
Pro Forma Pre-Tax Profit	32.5%	37.9%	33.2%	28.0%	28.6%	22.1%
Operating Profit ¹	25.8%	25.5%	22.4%	22.8%	19.8%	14.2%
Pro Forma Operating Profit	22.2%	31.1%	25.7%	23.1%	21.6%	15.4%
EBITDA	36.4%	35.8%	35.8%	29.3%	29.1%	26.5%
Pro Forma EBITDA ²	34.1%	39.8%	36.9%	31.0%	33.1%	27.7%

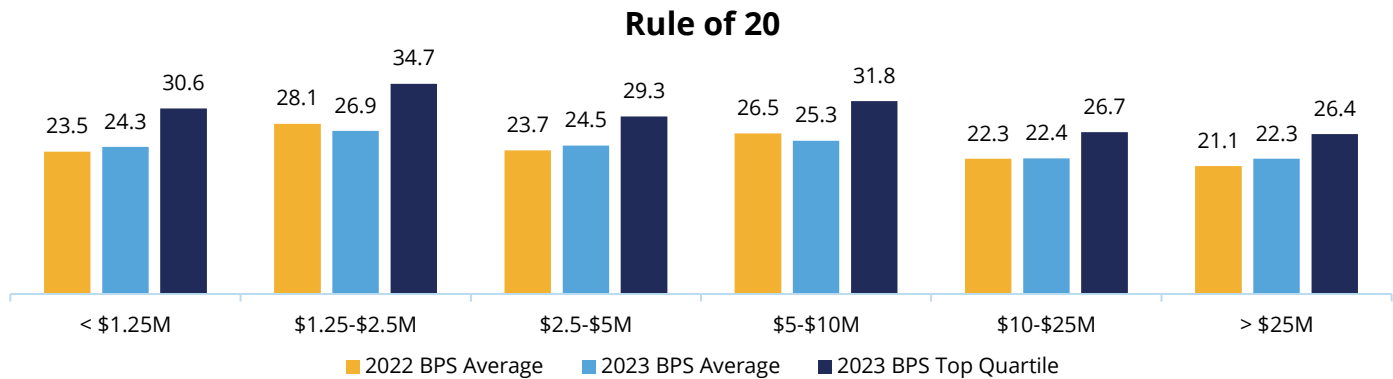
¹ Operating profit is pre-tax profit less contingent income and less bonus/override income.

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

Rule of 20

The Rule of 20:	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Low	3.8	10.1	5.2	-1.4	-0.3	4.6
Average	24.3	26.9	24.5	25.3	22.4	22.3
High	43.6	43.7	38.2	45.9	42.5	38.1
Top Quartile	30.6	34.7	29.3	31.8	26.7	26.4

The Rule of 20 measures an agency's shareholder returns. It is calculated by adding 50% of an agency's Pro Forma EBITDA margin to its organic commission and fee 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%, a typical agency / brokerage return under normal market conditions.



Financial Stability

AVERAGE

	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Current Ratio	1.3:1	2.0:1	2.1:1	2.1:1	1.6:1	1.7:1
Trust Ratio	2.8:1	2.8:1	2.3:1	2.3:1	2.4:1	2.0:1
Tangible Net Worth (% of Net Rev)	13.2%	13.8%	16.6%	22.8%	20.5%	18.0%
Receivables-to-Payables Ratio	50.0%	50.0%	60.0%	70.0%	70.0%	70.0%
Accounts Receivables:						
% Receivables Aged 61-90 Days	18.2%	31.2%	14.1%	12.6%	11.1%	9.7%
% Receivables Aged Past 90 Days	38.8%	13.1%	18.6%	11.4%	12.2%	12.0%
% of P&C Revenues - Agency Billed	40.3%	24.9%	21.2%	28.2%	33.8%	45.6%
% of P&C Revenues - Direct Billed	59.7%	75.1%	78.8%	71.8%	66.2%	54.4%

TOP QUARTILE

	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Current Ratio	1.4:1	2.5:1	3.0:1	2.8:1	2.2:1	2.1:1
Trust Ratio	3.2:1	3.0:1	2.8:1	2.6:1	3.2:1	2.4:1
Tangible Net Worth (% of Net Rev)	26.0%	26.7%	23.0%	34.4%	30.7%	29.2%
Receivables-to-Payables Ratio	-	10.0%	30.0%	30.0%	40.0%	40.0%
Accounts Receivables:						
% Receivables Aged 61-90 Days	0.0%	0.0%	0.0%	0.0%	0.5%	1.4%
% Receivables Aged Past 90 Days	27.6%	3.2%	6.9%	3.9%	2.0%	1.6%

AVERAGE

	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Debt Metrics:						
% of All Loans by Source Type:						
Community Bank	39.4%	38.2%	34.9%	47.1%	57.7%	52.1%
Industry Lender	4.5%	17.6%	11.5%	6.9%	8.1%	1.6%
Private Equity Lender	0.0%	0.0%	2.1%	3.2%	5.6%	9.4%
Shareholder	19.7%	23.5%	51.0%	25.4%	19.7%	24.9%
Other	36.4%	20.6%	0.5%	17.3%	9.0%	12.0%
% of Firms that have Identified Debt	50.0%	54.8%	55.8%	48.2%	50.0%	61.7%
Of those firms that have debt:						
Average Total Debt	\$346,861	\$581,302	\$901,898	\$2,617,141	\$4,293,328	\$43,759,937
Total Leverage ¹	1.5x	1.6x	1.0x	1.5x	1.1x	1.7x
Average Effective Interest Rate	6.4%	4.2%	3.9%	4.4%	4.3%	5.2%
Average Term (Years to Maturity)	5.7	7.6	8.1	7.1	7.5	6.1

¹ Total Debt/Pro Forma EBITDA

Technology

AGENCIES WITH REVENUES OF:

	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Number of IT Employees	0.1	0.2	0.1	0.4	0.9	6.6
<i>(includes regularly outsourced IT support staff)</i>						
IT Payroll as % of Pro Forma Net Rev	0.7%	0.5%	0.3%	0.5%	0.5%	0.8%
IT Expense as % of Pro Forma Net Rev	3.1%	3.3%	2.7%	2.8%	2.7%	2.6%
<i>(excl. comp, hardware depreciation & software amortization)</i>						
Top Agency Mgmt Systems Used in Home Office:						
AMS360	18.2%	26.7%	32.6%	37.5%	20.4%	17.0%
EPIC	22.7%	53.3%	48.8%	51.8%	72.2%	66.0%
EZLynx	9.1%	-	-	-	-	-
Sagitta	-	-	-	1.8%	1.9%	14.9%
SIS - Partner XE	-	-	-	-	-	-
TAM	-	-	-	-	-	-
HawkSoft	9.1%	3.3%	2.3%	3.6%	-	-
Nexsure	-	-	2.3%	-	1.9%	-
Xanatek - IMS	4.5%	-	2.3%	-	-	-
Other	36.4%	16.7%	11.6%	5.4%	3.7%	2.1%
Technology Utilization:						
Electronic Communications Used:						
Texting with Clients	81.8%	77.4%	76.7%	76.8%	81.5%	57.4%
Use of Tablets/Smartphones	63.6%	74.2%	81.4%	80.4%	85.2%	83.0%
Agency eSignature Solutions	90.9%	93.5%	93.0%	96.4%	94.4%	93.6%
Carrier eSignature Solutions	77.3%	83.9%	74.4%	69.6%	64.8%	57.4%
Activity Notifications from Carrier	86.4%	74.2%	67.4%	75.0%	64.8%	66.0%
Paperless or e-documents ("eDocs")	90.9%	100.0%	90.7%	98.2%	94.4%	97.9%
Marketing:						
Website	100.0%	96.8%	100.0%	100.0%	96.3%	95.7%
Mobile Adaptable Website	68.2%	83.9%	67.4%	80.4%	79.6%	83.0%
Social Media						
Facebook	77.3%	93.5%	90.7%	85.7%	85.2%	80.9%
Twitter	36.4%	29.0%	20.9%	42.9%	57.4%	70.2%
LinkedIn	68.2%	54.8%	76.7%	85.7%	85.2%	95.7%
Instagram	45.5%	54.8%	25.6%	51.8%	61.1%	59.6%
Customer Portal	45.5%	38.7%	48.8%	64.3%	75.9%	66.0%
Digital Content - Blogs, Webinars	45.5%	51.6%	39.5%	50.0%	68.5%	78.7%
Processing Technologies:						
Paperless or e-documents ("eDocs")	90.9%	100.0%	90.7%	98.2%	94.4%	97.9%
Secure/Encrypted email	68.2%	74.2%	81.4%	82.1%	90.7%	91.5%
Electronic Funds Transfer (EFT)	81.8%	83.9%	81.4%	89.3%	92.6%	91.5%
Online Application	45.5%	32.3%	39.5%	42.9%	48.1%	38.3%
Online Chat Assistance	27.3%	32.3%	23.3%	28.6%	25.9%	19.1%
Virtual Chat Agent <i>(via machine learning)</i>	18.2%	6.5%	9.3%	10.7%	5.6%	6.4%
Mobile App (manage accounts)	45.5%	32.3%	39.5%	42.9%	48.1%	38.3%
Integrated Leads Processing	13.6%	22.6%	7.0%	23.2%	11.1%	27.7%
Rating Technologies:						
Use Comp Rater for PL	54.5%	83.9%	86.0%	64.3%	75.9%	78.7%
Use Comp Rater for CL	13.6%	22.6%	32.6%	26.8%	42.6%	40.4%
Use 'Bridging' from within AMS (PL)	36.4%	35.5%	46.5%	42.9%	50.0%	38.3%
Use 'Bridging' from within AMS (CL)	9.1%	35.5%	41.9%	37.5%	31.5%	34.0%
Use Carrier Agent Portal for PL	45.5%	61.3%	65.1%	48.2%	72.2%	66.0%
Use Carrier Agent Portal for CL	54.5%	61.3%	60.5%	58.9%	70.4%	59.6%
Offer Consumer Rating via Website	22.7%	19.4%	9.3%	12.5%	14.8%	10.6%

Productivity

AGENCIES WITH REVENUES OF:

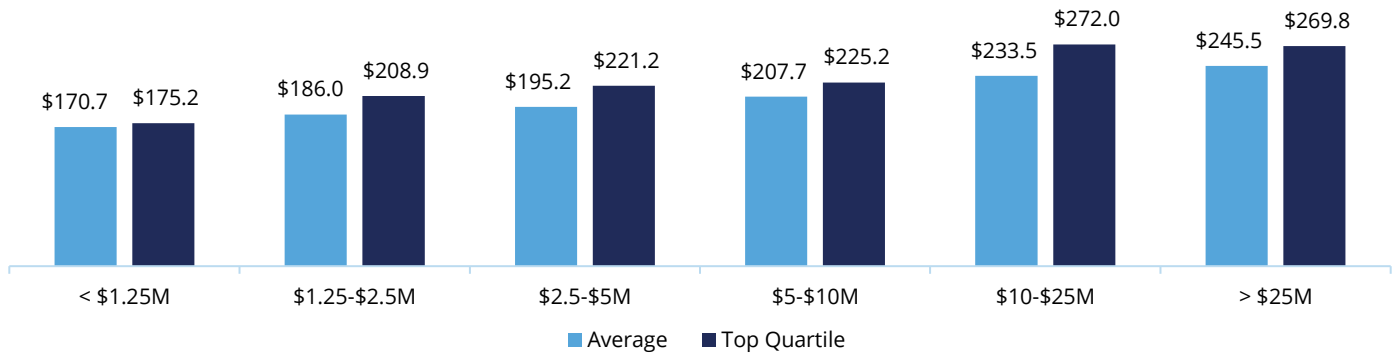
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Total Number of FTE Employees:	6.1	11.7	19.9	36.8	68.7	291.4
AVERAGE						
2023 BPS Pro Forma Rev per Employee	\$170,674	\$186,019	\$195,217	\$207,698	\$233,451	\$245,503
2022 BPS Pro Forma Rev per Employee	\$134,607	\$161,153	\$176,214	\$195,961	\$215,103	\$256,811
Pro Forma Compensation per EE	\$70,049	\$78,457	\$103,065	\$119,909	\$138,242	\$156,366
Pro Forma Spread per Employee	\$100,625	\$107,563	\$92,153	\$87,789	\$95,209	\$89,138

TOP QUARTILE

AGENCIES WITH REVENUES OF:

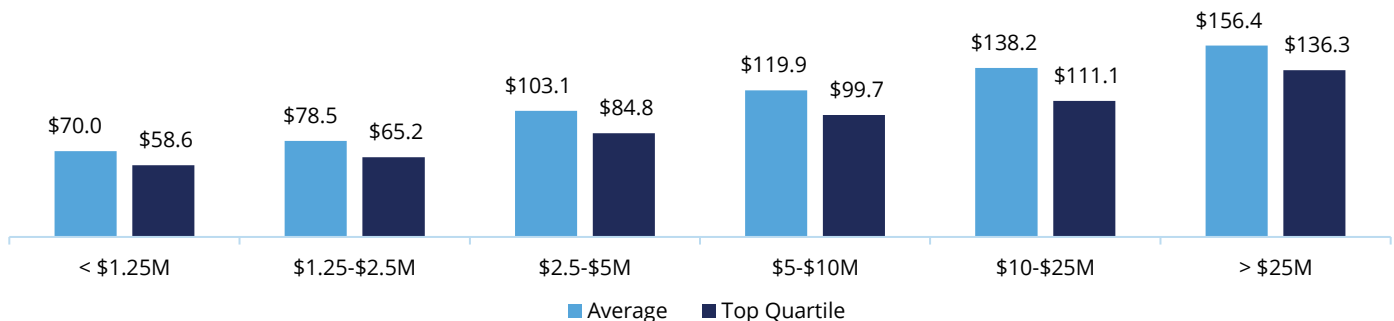
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Pro Forma Revenue per Employee	\$175,194	\$208,866	\$221,248	\$225,234	\$271,995	\$269,782
Pro Forma Compensation per EE	\$58,628	\$65,211	\$84,777	\$99,701	\$111,066	\$136,299
Pro Forma Spread per Employee	\$95,734	\$106,973	\$98,875	\$98,581	\$108,781	\$105,596

Pro Forma Revenue per Employee (\$ in thousands)

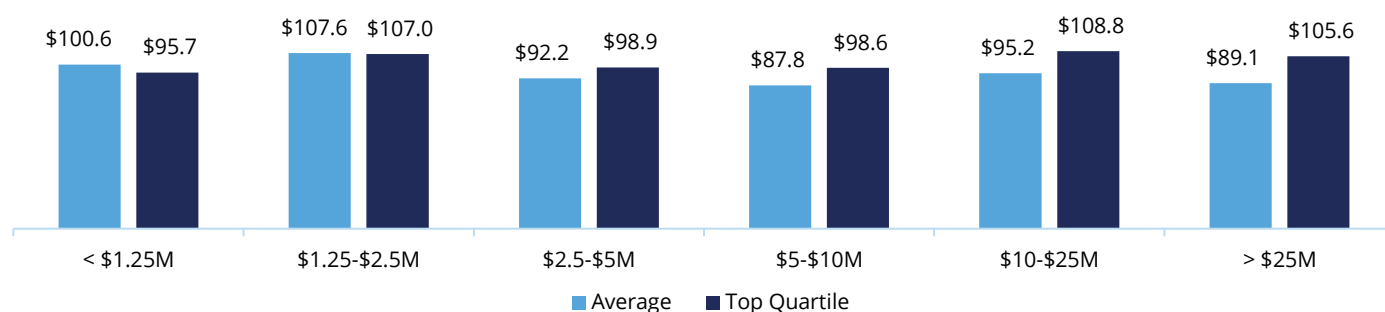


Note: Pro Forma Revenue per Employee includes 1099 and outsourced employees.

Pro Forma Compensation per Employee (\$ in thousands)



Pro Forma Spread per Employee (\$ in thousands)



Staffing

AGENCIES WITH REVENUES OF:

	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
HUMAN RESOURCES						
% Agencies w/HR Employees	31.8%	48.4%	60.5%	73.2%	74.1%	91.5%
For those with HR Employees:						
Number of HR Employees	0.3	0.4	0.5	0.8	1.2	4.3
HR Payroll as % of Net Rev	0.6%	0.5%	0.6%	0.5%	0.5%	0.5%
ACCOUNTING						
% Agencies w/Accounting Employees	63.6%	74.2%	90.7%	100.0%	94.4%	100.0%
For those with Accounting Employees:						
Number of Accounting Employees	0.5	0.7	0.9	1.5	2.7	9.1
Accounting Payroll as % of Net Rev	1.9%	1.5%	1.4%	1.7%	1.4%	1.1%
MARKETING						
% Agencies w/Marketing Employees	40.9%	35.5%	44.2%	64.3%	75.9%	72.3%
For those with Marketing Employees:						
Number of Marketing Employees	0.4	0.5	1.0	2.1	1.8	20.9
Marketing Payroll as % of Net Rev	0.9%	0.9%	0.6%	1.4%	0.8%	1.1%

AGENCIES WITH REVENUES OF:

	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
<u>SERVICE & SALES SUPPORT STAFF</u>						
<u>PROPERTY & CASUALTY</u>						
% Agencies with Commercial P&C Staff	72.7%	100.0%	100.0%	96.4%	96.3%	95.7%
In Agencies that have CPC Staff:						
Number of CPC Employees	1.0	2.6	5.0	9.3	21.0	92.9
Avg CPC Revenue per Staff	\$387,475	\$504,124	\$547,429	\$545,384	\$541,357	\$529,789
Payroll as a % of CPC Revenue	16.4%	13.0%	12.9%	14.8%	15.8%	17.2%
% Agencies with Personal P&C Staff	68.2%	100.0%	90.7%	85.7%	90.7%	93.6%
In Agencies that have PPC Staff:						
Number of PPC Employees	1.2	2.7	4.0	5.9	10.3	20.1
Avg PPC Revenue per Staff	\$283,472	\$275,821	\$235,743	\$263,309	\$256,066	\$250,703
Payroll as a % of PPC Revenue	13.3%	19.4%	21.3%	20.9%	25.4%	26.7%
% Agencies with CL Claims Staff	22.7%	16.1%	37.2%	57.1%	77.8%	91.5%
In Agencies that have CL Claims Staff:						
Number of CL Claims Employees	0.1	0.1	0.2	0.5	1.2	7.1
Avg CL Claims Revenue per Staff	\$1,881,039	\$3,803,253	\$6,721,222	\$6,748,580	\$8,654,388	\$10,276,247
Payroll as a % of CL Claims Revenue	0.2%	0.2%	0.5%	0.8%	0.9%	1.1%
% Agencies with PL Claims Staff	22.7%	16.1%	32.6%	39.3%	31.5%	27.7%
In Agencies that have PL Claims Staff:						
Number of PL Claims Employees	0.1	0.1	0.2	0.3	0.3	0.4
Avg PL Claims Revenue per Staff	\$1,121,951	\$2,113,860	\$2,831,829	\$3,408,074	\$4,459,077	\$10,406,854
Payroll as a % of PL Claims Revenue	1.0%	0.5%	1.0%	1.1%	0.6%	0.9%
% Agencies with P&C Value Added Staff	9.1%	16.0%	7.0%	26.8%	38.9%	63.8%
In Agencies that have P&C VAS Staff:						
Number of P&C VAS Employees	0.10	0.11	-	0.5	0.9	7.4
Avg P&C Revenue per Staff	\$464,352	\$2,170,954	\$6,264,298	\$4,578,723	\$6,306,450	\$11,889,005
Payroll as a % of P&C Revenue	2.0%	0.2%	0.1%	1.3%	0.6%	1.1%
<u>LIFE & HEALTH / FINANCIAL</u>						
% Agencies with L/H/F Staff:	36.4%	22.6%	60.5%	64.3%	85.2%	97.9%
In Agencies that have L/H/F Staff:						
Number of L/H/F Employees	0.2	0.2	0.6	2.3	5.5	40.7
Avg L/H/F Revenue per Staff	\$78,014	\$317,856	\$361,425	\$474,565	\$470,117	\$547,288
Payroll as a % of L/H/F Revenue	5.2%	6.4%	9.7%	11.5%	16.2%	18.7%
% Agencies with L/H/F Value Added:	-	-	2.0%	9.0%	18.5%	57.4%
In Agencies that have L/H/F Staff:						
Number of L/H/F Employees	-	-	0.01	0.12	0.4	4.4
Avg L/H/F Revenue per Staff	-	-	\$1,903,301	\$672,477	\$4,177,440	\$7,195,363
Payroll as a % of L/H/F Revenue	-	-	0.1%	0.4%	0.9%	1.7%

MEDIAN	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
<u>COMMERCIAL LINES</u>						
BOTTOM QUARTILE:						
Account Executive (AE)	\$44,500	\$57,460	\$60,000	\$70,146	\$77,901	\$96,978
Customer Service Rep (CSR)	\$35,078	\$49,255	\$47,140	\$52,761	\$55,997	\$60,959
Processor/Asst CSR	\$32,000	\$25,000	\$30,000	\$40,000	\$44,235	\$41,724
Marketing	\$21,000	\$43,570	\$50,000	\$55,964	\$68,833	\$79,291
Claims		\$26,145	\$26,741	\$38,750	\$55,000	\$67,052
AVERAGE PAY:						
Account Executive (AE)	\$58,750	\$61,915	\$72,100	\$81,403	\$101,886	\$115,019
Customer Service Rep (CSR)	\$50,000	\$55,365	\$54,000	\$60,616	\$70,000	\$72,042
Processor/Asst CSR	\$34,000	\$30,000	\$37,500	\$44,800	\$48,765	\$50,000
Marketing	\$21,000	\$44,130	\$53,560	\$63,950	\$77,944	\$90,115
Claims		\$30,450	\$30,000	\$51,869	\$68,833	\$83,143
TOP QUARTILE:						
Account Executive (AE)	\$63,730	\$78,684	\$83,136	\$102,199	\$129,440	\$155,671
Customer Service Rep (CSR)	\$59,000	\$61,988	\$65,463	\$73,256	\$81,378	\$81,231
Processor/Asst CSR	\$36,000	\$37,292	\$48,500	\$50,215	\$58,383	\$55,167
Marketing	\$21,000	\$44,690	\$60,000	\$85,917	\$109,344	\$108,605
Claims		\$37,850	\$43,875	\$66,200	\$79,500	\$95,424
<u>PERSONAL LINES</u>						
BOTTOM QUARTILE:						
Account Executive (AE)	\$41,250	\$45,000	\$43,781	\$50,505	\$60,000	\$68,091
Customer Service Rep (CSR)	\$42,682	\$41,088	\$35,637	\$44,475	\$49,637	\$49,868
Processor/Asst CSR	\$32,000	\$31,375	\$31,850	\$35,000	\$42,295	\$38,190
Marketing	\$36,000	\$61,665	\$41,600	\$44,000	\$45,000	\$57,134
Claims		\$23,993	\$25,000	\$30,867	\$44,598	\$48,000
AVERAGE PAY:						
Account Executive (AE)	\$50,000	\$54,333	\$52,000	\$60,000	\$68,398	\$82,100
Customer Service Rep (CSR)	\$48,835	\$49,637	\$46,155	\$48,760	\$58,114	\$56,396
Processor/Asst CSR	\$34,000	\$33,750	\$34,200	\$39,500	\$49,159	\$43,189
Marketing	\$36,000	\$61,665	\$47,928	\$45,000	\$45,000	\$71,795
Claims		\$26,145	\$29,241	\$46,330	\$51,500	\$57,500
TOP QUARTILE:						
Account Executive (AE)	\$55,692	\$65,829	\$69,169	\$74,657	\$84,859	\$103,750
Customer Service Rep (CSR)	\$59,357	\$55,519	\$52,000	\$57,888	\$65,000	\$65,784
Processor/Asst CSR	\$36,000	\$35,810	\$40,184	\$45,000	\$52,080	\$50,349
Marketing	\$36,000	\$61,665	\$55,214	\$60,000	\$50,000	\$74,434
Claims		\$28,298	\$30,000	\$52,059	\$59,000	\$69,665
<u>GROUP LIFE & HEALTH/FINANCIAL</u>						
BOTTOM QUARTILE:						
Account Executive (AE)	\$32,010	\$38,737	\$48,250	\$60,948	\$76,876	\$88,555
Customer Service Rep (CSR)		\$42,994	\$35,800	\$48,461	\$50,501	\$60,595
Processor/Asst CSR			\$21,291	\$40,000	\$44,563	\$44,779
Marketing			\$20,000	\$47,500	\$73,392	\$63,705
AVERAGE PAY:						
Account Executive (AE)	\$44,000	\$49,658	\$55,171	\$85,000	\$96,335	\$120,262
Customer Service Rep (CSR)		\$54,000	\$46,000	\$58,240	\$67,196	\$73,547
Processor/Asst CSR			\$22,527	\$43,360	\$50,285	\$50,000
Marketing			\$20,000	\$57,358	\$91,472	\$70,741
TOP QUARTILE:						
Account Executive (AE)	\$48,500	\$60,579	\$74,389	\$96,250	\$128,864	\$144,162
Customer Service Rep (CSR)		\$57,000	\$61,986	\$64,868	\$81,794	\$86,445
Processor/Asst CSR			\$23,764	\$48,000	\$57,435	\$56,300
Marketing			\$20,000	\$64,293	\$105,486	\$79,100

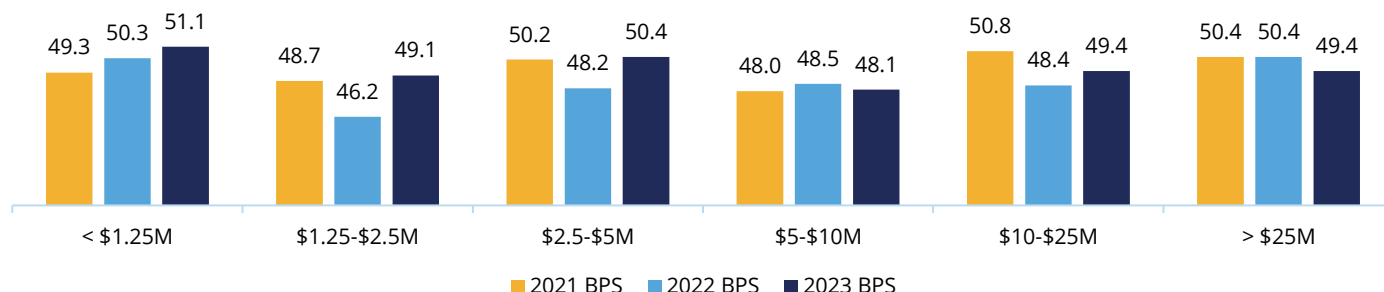
Producer Metrics

AGENCIES WITH REVENUES OF:

Agency Commission Structure:	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
New Rate:						
Commercial P&C	39.0%	46.1%	42.3%	42.8%	41.8%	39.1%
Bonds/Surety	37.4%	45.9%	41.1%	42.9%	39.4%	38.0%
Personal P&C	41.2%	42.7%	39.9%	40.8%	39.9%	38.4%
Group Medical	40.7%	46.8%	43.2%	44.9%	40.4%	39.1%
Other Group L/H/F	40.5%	45.9%	44.9%	44.5%	41.2%	38.7%
Individual L/H/F	50.3%	50.6%	53.3%	49.3%	45.3%	43.1%
Renewal Rate:						
Commercial P&C	29.6%	33.0%	31.7%	30.3%	29.5%	29.5%
Bonds/Surety	31.0%	33.4%	32.3%	30.8%	29.8%	33.3%
Personal P&C	22.2%	30.2%	29.6%	25.2%	25.6%	24.4%
Group Medical	29.0%	36.5%	33.3%	33.7%	30.6%	29.6%
Other Group L/H/F	31.8%	36.9%	33.9%	33.6%	29.9%	30.3%
Individual L/H/F	22.5%	31.5%	31.5%	27.1%	27.6%	28.6%
Minimum Threshold (minimum account size on which commissions are paid):						
Commercial P&C	\$113	\$1,563	\$1,600	\$3,200	\$3,400	\$4,775
Bonds/Surety	\$113	\$500	\$1,163	\$2,907	\$3,313	\$3,923
Personal P&C	\$113	\$500	\$774	\$520	\$2,889	\$2,886
Group Medical		\$500	\$1,120	\$1,769	\$4,000	\$5,056
Other Group L/H/F		\$500	\$775	\$1,500	\$3,469	\$4,960
Individual L/H/F	\$1,000	\$500	\$775	\$1,125	\$3,182	\$4,214
Additional Benefits Paid (% of agencies providing this benefit to producers):						
Travel and Entertainment	36.4%	41.9%	76.7%	73.2%	77.8%	80.9%
Health Benefits	54.5%	54.8%	95.3%	87.5%	90.7%	83.0%
Automobile	27.3%	22.6%	34.9%	41.1%	46.3%	46.8%

Validated Producer Metrics

WAPA: Weighted Average Producer Age

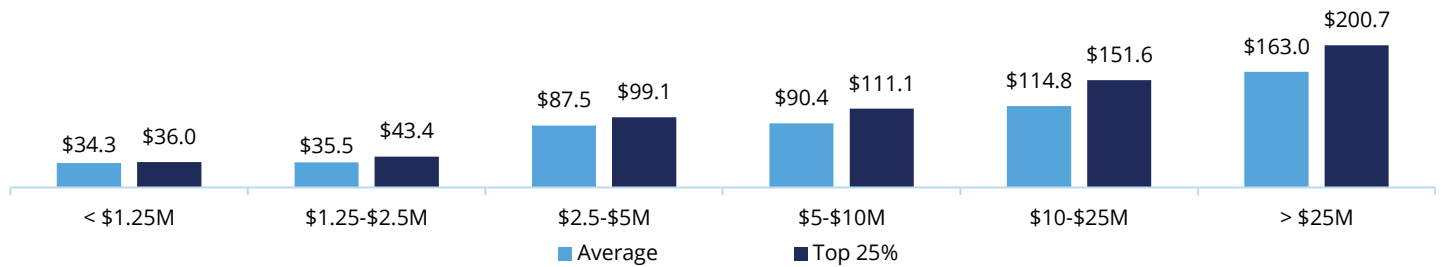


AGENCIES WITH REVENUES OF:

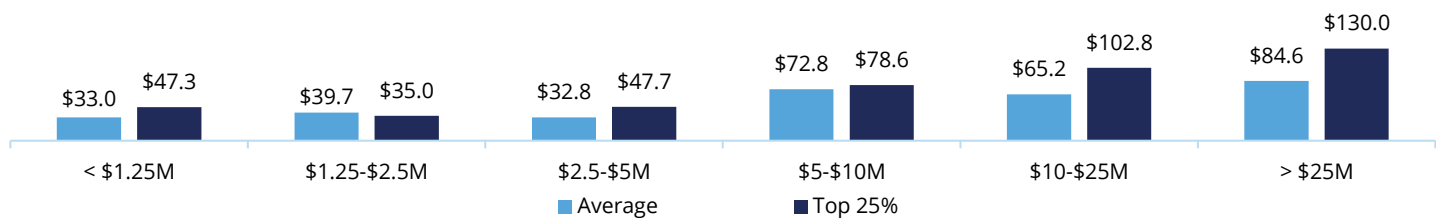
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Commercial P&C						
Number of Validated Producers	0.5	1.1	2.3	4.3	7.6	24.7
% Male	70%	77%	93%	89%	89%	90%
% Female	30%	23%	7%	11%	11%	10%
Average New Commissions	\$34,307	\$35,514	\$87,533	\$90,362	\$114,807	\$162,984
Average Book Serviced	\$317,314	\$230,966	\$633,527	\$714,502	\$833,085	\$1,310,263
Average Compensation	\$71,145	\$106,626	\$210,385	\$235,016	\$275,905	\$370,920
Avg. Comp. as % of Book	17.8%	35.5%	34.9%	31.9%	32.6%	30.4%
Top 25% Avg New Commissions	\$36,046	\$43,404	\$99,064	\$111,062	\$151,612	\$200,747
Top 25% Average Book Serviced		\$298,554	\$844,436	\$827,004	\$996,098	\$1,551,036
Personal P&C						
Number of Validated Producers	0.3	0.7	0.8	0.8	0.8	2.7
% Male	50%	49%	62%	47%	39%	54%
% Female	50%	51%	38%	53%	61%	46%
Average New Commissions	\$33,028	\$39,712	\$32,831	\$72,802	\$65,195	\$84,593
Average Book Serviced	\$198,858	\$215,420	\$185,442	\$378,773	\$449,263	\$611,269
Average Compensation	\$59,471	\$89,416	\$75,921	\$161,092	\$139,109	\$197,987
Avg. Comp. as % of Book	38.0%	42.2%	39.3%	38.9%	33.1%	30.1%
Top 25% Avg New Commissions	\$47,292	\$35,019	\$47,719	\$78,625	\$102,800	\$129,952
Top 25% Average Book Serviced	\$322,113	\$338,852	\$245,673	\$552,280	\$456,552	\$947,225
Life/Health/Financial						
Number of Validated Producers	0.1	0.2	0.3	0.7	1.8	8.8
% Male	33%	80%	47%	79%	93%	75%
% Female	67%	20%	53%	21%	7%	25%
Average New Commissions	\$22,584	\$42,561	\$39,947	\$71,627	\$110,755	\$175,461
Average Book Serviced	\$110,190	\$178,259	\$225,346	\$559,641	\$883,043	\$1,113,608
Average Compensation	\$43,464	\$118,710	\$85,107	\$195,594	\$284,251	\$334,011
Avg. Comp. as % of Book	31%	47.1%	36.8%	36.2%	34.0%	32.9%
Top 25% Avg New Commissions	\$27,626	\$58,958	\$51,513	\$103,616	\$159,853	\$191,968
Top 25% Average Book Serviced	\$139,535	\$250,777	\$309,191	\$708,762	\$1,351,045	\$1,453,216
Multi-line						
Number of Validated Producers	0.4	0.5	1.0	2.2	2.7	2.1
% Male	94%	83%	94%	88%	76%	80%
% Female	6%	17%	6%	12%	24%	20%
Average New Commissions	\$78,000	\$22,862	\$73,985	\$74,639	\$74,506	\$85,676
Average Book Serviced	\$558,436	\$161,696	\$563,362	\$671,199	\$714,901	\$794,133
Average Compensation	\$177,608	\$117,035	\$210,666	\$187,782	\$220,811	\$250,065
Avg. Comp. as % of Book	27.9%	37.7%	32.6%	32.5%	32.1%	30.6%
Top 25% Avg New Commissions	\$105,150	\$25,408	\$86,206	\$87,656	\$118,227	\$106,882
Top 25% Average Book Serviced	\$801,684	\$246,888	\$810,558	\$1,020,997	\$1,035,790	\$1,047,607
Weighted Average Producer Age	51.1	49.1	50.4	48.1	49.4	49.4
% Total Book by Producer Age:						
Up to age 35	6.5%	19.4%	11.0%	14.8%	12.3%	9.8%
Age 36-45	23.1%	27.5%	25.1%	30.0%	27.7%	29.8%
Age 46-55	29.7%	14.3%	26.9%	22.7%	23.6%	27.8%
Over age 55	40.8%	38.8%	37.1%	32.6%	36.3%	32.7%

Average New Commissions (\$ in thousands)

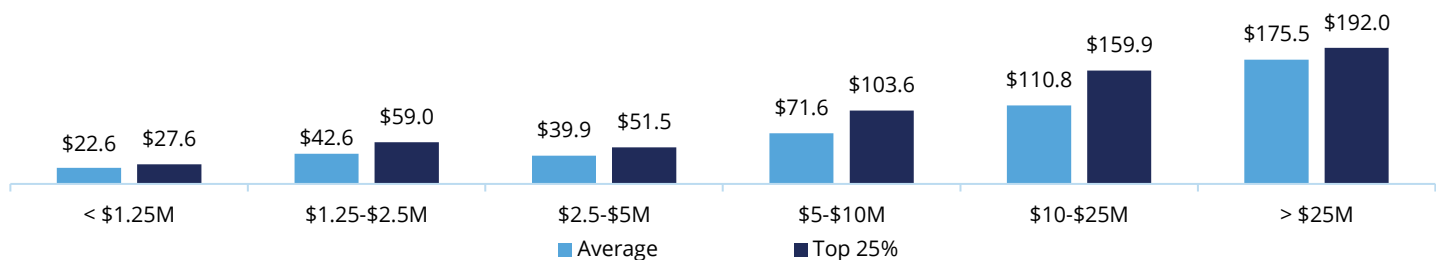
Commercial P&C Producers



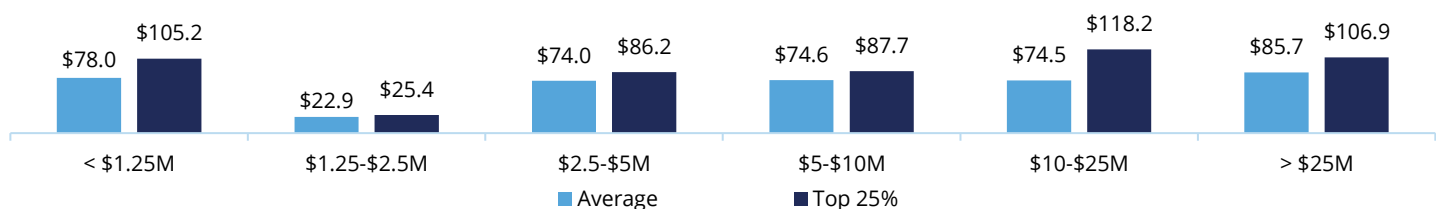
Personal P&C Producers



Life/Health/Financial Producers

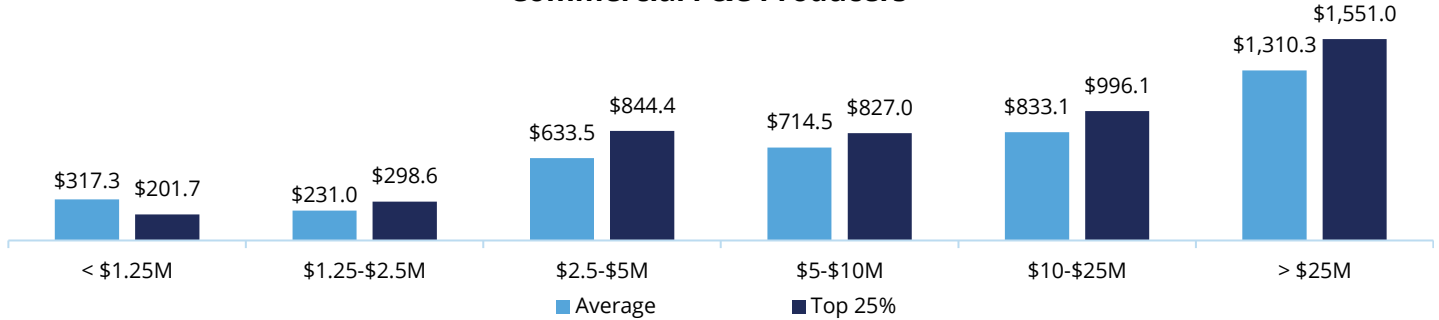


Multi-Line Producers

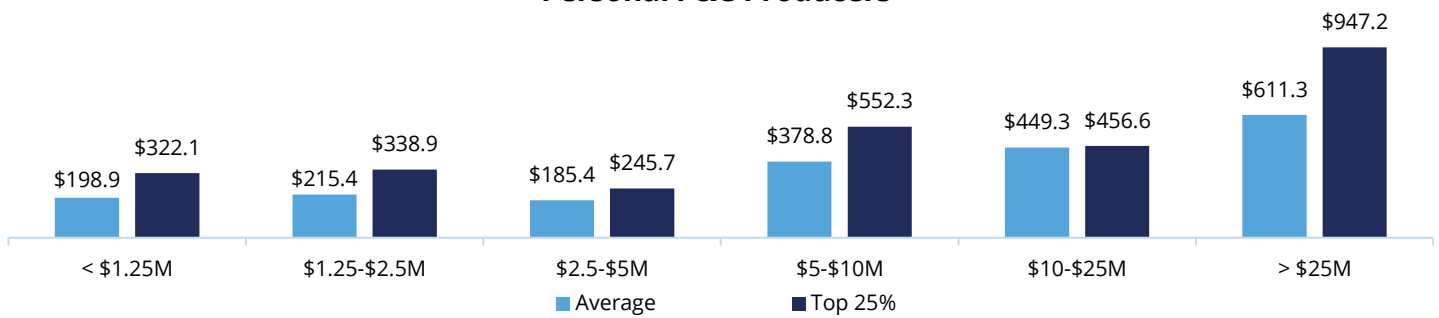


Average Book Serviced (\$ in thousands)

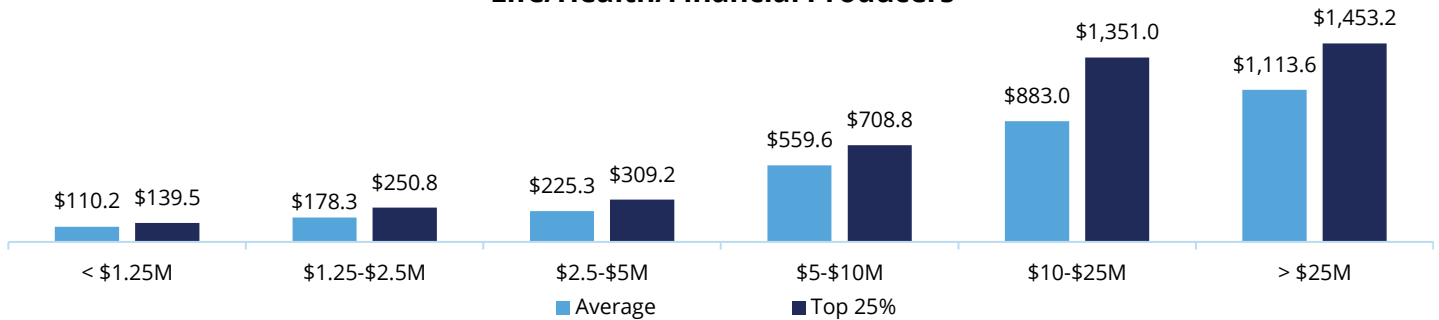
Commercial P&C Producers



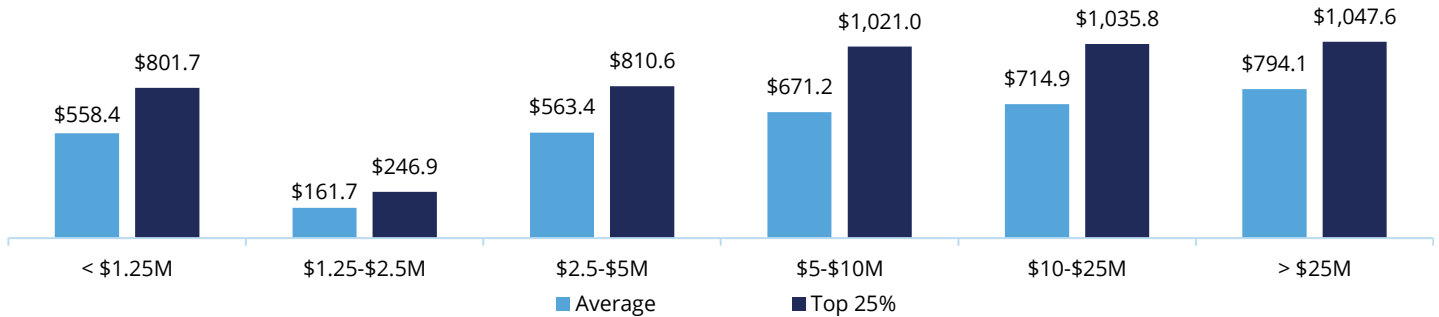
Personal P&C Producers



Life/Health/Financial Producers



Multi-Line Producers



Unvalidated Producer Metrics

AVERAGE

	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Number of Unvalidated Producers	0.5	0.8	1.3	2.1	3.7	15.8
Average New Commissions	\$20,500	\$25,163	\$35,936	\$39,727	\$56,266	\$67,409
Average Book Serviced	\$25,500	\$62,378	\$94,983	\$70,750	\$137,439	\$182,730
Avg Estimated Annual Compensation	\$39,035	\$57,198	\$63,524	\$61,302	\$84,311	\$119,675

TOP QUARTILE

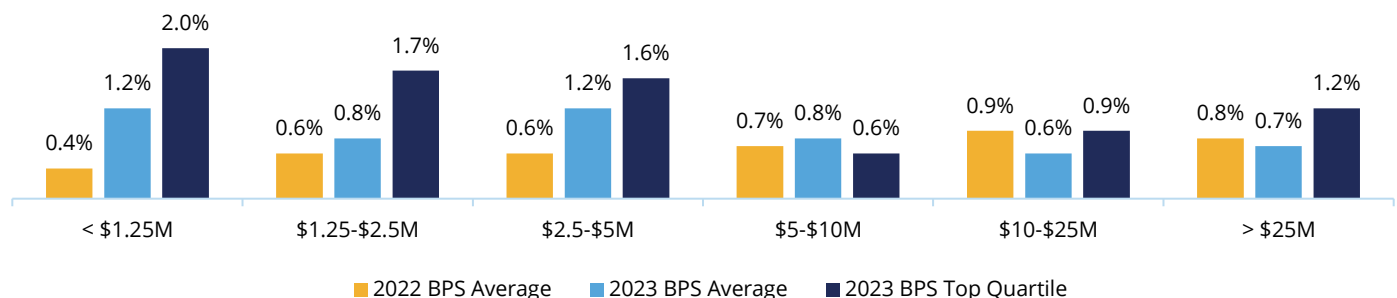
	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Number of Unvalidated Producers	1.0	1.0	2.0	3.0	5.0	21.0
Average New Commissions	\$20,500	\$25,163	\$35,936	\$39,727	\$56,266	\$67,409
Average Book Serviced	\$25,500	\$62,378	\$94,983	\$70,750	\$137,439	\$182,730

	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
NUPP (Net Investment in Unvalidated Producer Pay):						
Low	2.0%	0.0%	0.0%	0.1%	0.1%	0.0%
Average	3.1%	2.8%	2.0%	1.6%	1.3%	1.4%
High	5.5%	6.0%	8.5%	7.5%	3.9%	4.3%
Top Quartile	3.7%	4.0%	2.9%	1.8%	1.7%	2.2%
2022 BPS Average NUPP	0.6%	1.1%	0.9%	1.2%	1.2%	1.5%
Producer Success Rate	39.5%	29.1%	56.7%	50.2%	49.9%	47.3%
Effective NUPP:						
Average	1.2%	0.8%	1.2%	0.8%	0.6%	0.7%
Top Quartile	2.0%	1.7%	1.6%	0.6%	0.9%	1.2%

NUPP (Net Intestment in Unvalidated Producer Pay), expressed as a percentage of net revenue, is the difference between what an agency pays its unvalidated producers and what the producers would earn under the agency's normal commission schedule. It is an excellent metric to assess the financial investment an agency is making in its next generation of producer talent.

Effective NUPP, which is the product of an agency's investment in unvalidated producers (NUPP) and success rate in hiring producers (Producer Success Rate), is expressed as a percentage of net revenue. It is the best overall measure of an agency's effectiveness in recruiting and developing sales talent.

Effective NUPP



New Producer Hiring

AVERAGE

% of Agencies that Hired New Producers

	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Last Year	18.2%	16.1%	48.8%	66.1%	64.8%	87.2%
# of New Producers Hired Last Year	0.2	0.4	0.8	1.3	1.8	6.3
Avg Annualized Wages/Prod Hired	\$20,210	\$19,499	\$34,890	\$81,329	\$55,667	\$108,874
# New Producers Hired Past 5 Years	1.3	2.0	3.0	5.6	8.3	25.7
Producer Success Rate Past 5 years	39.5%	29.1%	56.7%	50.2%	49.9%	47.3%

TOP QUARTILE

of New Producers Hired Last Year

	AGENCIES WITH REVENUES OF:					
	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
# of New Producers Hired Last Year	-	-	1.0	2.0	2.0	8.5
Avg Annualized Wages/Prod Hired	\$32,098	\$41,823	\$61,500	\$75,285	\$86,875	\$130,483
# New Producers Hired Past 5 Years	2.0	2.0	4.0	6.3	11.8	33.5
Producer Success Rate Past 5 years	100.0%	50.0%	100.0%	75.0%	74.4%	63.0%

Recruiting & Development Techniques:

Recruiting:

	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Targeted College Recruiting Efforts/Programs	18.2%	3.2%	18.6%	39.3%	42.6%	70.2%
Use of Outside Recruiters	9.1%	41.9%	39.5%	53.6%	57.4%	83.0%
Use of Social Media as a Recruiting Tool	27.3%	54.8%	67.4%	69.6%	88.9%	93.6%

Assessment:

Testing (Sales, Personality, Intelligence Capabilities, Call Reluctance, etc.)	36.4%	71.0%	83.7%	78.6%	85.2%	91.5%
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Development:

Internship	13.6%	12.9%	34.9%	42.9%	63.0%	76.6%
Mentorship	18.2%	41.9%	58.1%	75.0%	66.7%	89.4%

Technical Training:

Internal	63.6%	77.4%	90.7%	91.1%	90.7%	93.6%
External	45.5%	45.2%	86.0%	80.4%	81.5%	87.2%

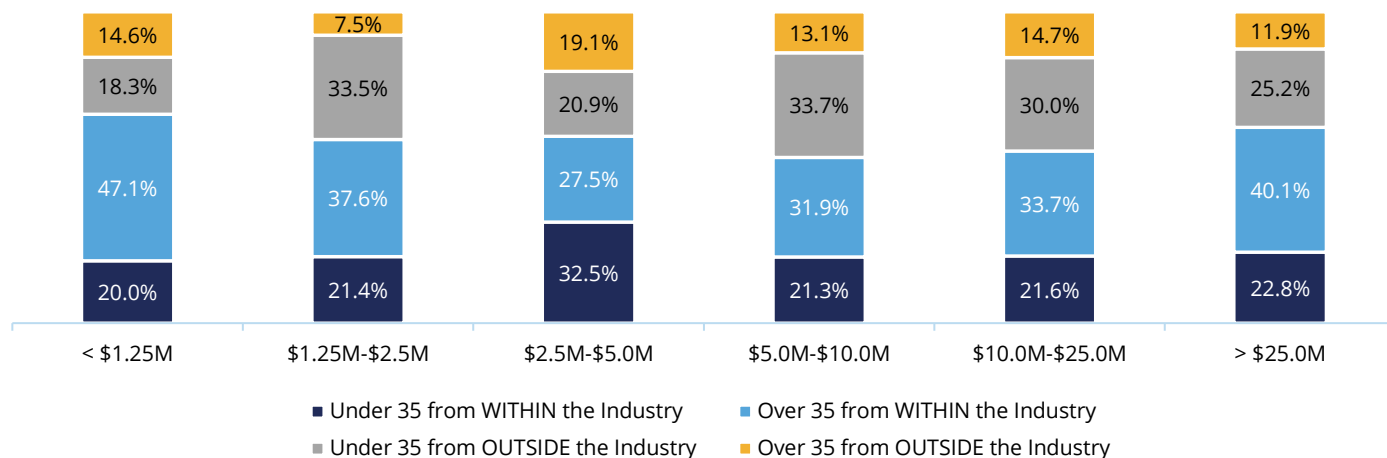
Sales Training:

Internal	54.5%	64.5%	79.1%	96.4%	77.8%	91.5%
External	36.4%	58.1%	79.1%	85.7%	77.8%	87.2%

Selling Structure:

Required Specialization	27.3%	16.1%	25.6%	32.1%	35.2%	34.0%
Team Selling	31.8%	45.2%	67.4%	66.1%	83.3%	83.0%
Assigned Accounts	31.8%	54.8%	72.1%	75.0%	74.1%	74.5%

Where New Producers Were Found

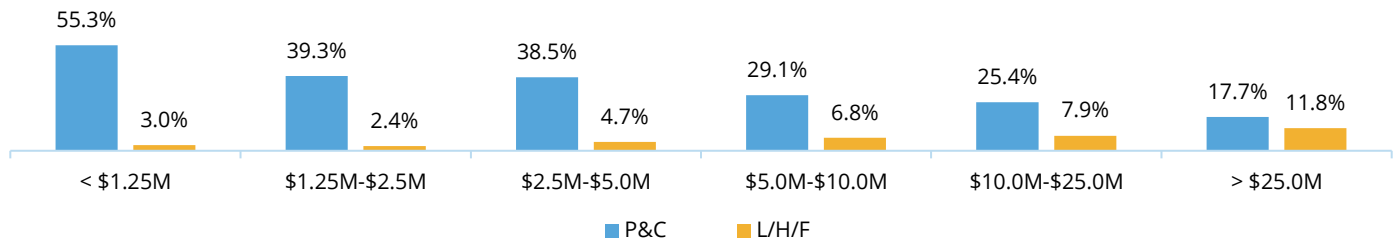


Carriers

AGENCIES WITH REVENUES OF:

	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
Carrier Representation:						
Commercial P&C						
# of National Carriers	8.2	6.6	14.9	22.5	39.5	69.3
# of Regional Carriers	4.0	7.6	9.7	10.8	15.6	59.5
Total	12.3	14.2	24.6	33.3	55.1	128.8
Personal P&C						
# of National Carriers	5.7	5.5	8.6	8.8	15.3	22.3
# of Regional Carriers	3.6	6.8	7.3	5.9	8.0	23.3
Total	9.3	12.2	15.9	14.7	23.3	45.6
Life & Health/Financial	4.0	5.3	10.7	13.3	24.9	88.0
Commission Income from Top Carriers:						
Top P&C Carrier	34.3%	22.6%	21.3%	14.2%	12.9%	9.0%
Top 3 P&C Carriers	55.3%	39.3%	38.5%	29.1%	25.4%	17.7%
Top L/H/F Carrier	2.2%	1.7%	3.0%	3.8%	4.3%	5.6%
Top 3 L/H/F Carriers	3.0%	2.4%	4.7%	6.8%	7.9%	11.8%

Commission Income from Top 3 Carriers



AGENCIES WITH REVENUES OF:

	<\$1.25M	\$1.25-\$2.5M	\$2.5-\$5M	\$5-\$10M	\$10-\$25M	>\$25M
<u>Breakdown by line for top P&C carriers:</u>						
Personal	57.3%	52.3%	38.0%	29.4%	27.6%	19.5%
Small Commercial	33.5%	33.2%	24.6%	21.5%	19.7%	8.1%
Mid/Large Commercial	9.2%	14.5%	37.4%	49.0%	52.7%	72.4%
<u>Breakdown by line for top 3 P&C carriers:</u>						
Personal	55.2%	49.2%	37.2%	27.6%	29.3%	17.6%
Small Commercial	35.3%	30.0%	27.6%	24.5%	18.4%	9.2%
Mid/Large Commercial	9.5%	20.8%	35.2%	47.8%	52.4%	73.2%
Service Center Usage:						
<i>% by Line of Business</i>						
Commercial Lines Commission	10.0%	18.2%	28.4%	22.2%	19.3%	17.8%
Personal Lines Commission	23.0%	27.7%	7.0%	4.1%	2.8%	6.3%

Glossary

Definitions of Frequently Used Terms

2023

Best Practices Study

In addition to the average results for each *Study* group, the *BPS* provides insights on how the "best of the best" are operating. This table will help you understand the terms used to report this information.

HEADING	REFERS TO
Average	The average result achieved by all the firms in the <i>Study</i> group for a particular factor.
Low	The lowest result achieved in the peer group for a particular factor.
High	The highest result achieved in the peer group for a particular factor.
Top Quartile	The average results achieved by the Top 25% of the firms in the group for that particular factor or line item.
Median	The mid-point in a list of results achieved by all the firms in the <i>Study</i> group for a particular factor.

Revenues

(As reported for most recently completed fiscal year-end and stated as a percentage of gross revenues)

Property & Casualty:

- 1) Commercial Commissions & Fees — Commissions and fees for the sale of commercial P&C insurance. Includes items often considered "value-added services," (e.g., revenues from workers' comp TPA, loss control, engineering, risk management, consulting services, self-insurance programs, underwriting and claims services, additional carrier compensation or reimbursements for services provided on their behalf, etc.).
- 2) Bonds/Surety — Commissions from the sale of bonds (surety, fidelity, etc.).
- 3) Personal Commissions & Fees - Commissions (both direct and agency-billed), and fees earned in lieu of commissions for the sale of personal P&C insurance.
- 4) Contingent/Bonus — Profit sharing, bonus, and supplemental income received from insurance carriers.
- 5) Total P&C — The sum of items 1 - 4.

Life & Health/Financial

- 6) Group Medical Commissions & Fees — Commissions & fees from the sale of group health/medical insurance.
- 7) All Other Group Commissions & Fees — Commissions and fees from the sale of all other employee benefits products and services. Includes group life, dental, disability, pension, retirement plan, PEOs, investment products, and any revenue from delivery of value added services (VAS) - i.e., benefits, TPA HR/wellness/other consulting services, actuarial services, risk management, cost containment, and any other related to employee benefits, life and health, or financial services.
- 8) Individual Commissions & Fees — Commissions & fees from the sale of individual life, health, dental, disability & investment products.
- 9) Bonus/Overrides — Bonus or incentive payments paid to agency for L/H/F promotion (usually for volume, persistency, growth, etc.).
- 10) Total Life & Health/Financial — The sum of items 6 - 9.
- 11) Investments — Income from interest, dividends, premium finance, late charges, gains/losses on sales of marketable securities.
- 12) Miscellaneous — Income from countersignature fees, gains/losses on fixed or intangible assets, life insurance proceeds, and other income not included in one of the other revenue categories.
- 13) Gross Revenues — The sum of items 5, 10, 11, & 12.
- 14) Brokerage Commission Expense — Commissions paid to other agencies or outside brokers. Does NOT include in-house 1099 producers, who are included with "Payroll - Non-Employees - 1099 Producers/Outsourced Labor."
- 15) Net Revenues — Gross Revenues less Brokerage Commission Expense.

Expenses

(As reported for most recently completed fiscal year-end and stated as a percentage of net revenues)

Compensation

Payroll: The following payroll breakdown is for the entire agency, including agency owners:

- 16) Employees — All expensed payroll, including salaries, commissions, bonuses, management fees, and discretionary owner compensation. Does NOT include "S" corporation distributions.

- 17) Non-Employees - 1099 Producers/Outsourced Labor — Commissions, bonuses for agency's producers compensated on a 1099. Also includes expense for outside temporary staffing and temp-to-perm staffing, as well as expenses for outsourced services such as Patra or ResourcePro.
- 18) Total Payroll — The sum of items 16 - 17.

Benefits

- 19) Payroll Taxes — All payroll taxes (SS, FICA, FUTA, SUTA, etc.).
- 20) Retirement — Expenses related to a 401(k), ESOP/ESOT, pension, and other miscellaneous retirement benefits.
- 21) Insurance — Health insurance, medical reimbursements, life insurance, disability insurance, etc. Does NOT include Officer or Key Person life, which is included with "Administrative - Officer Life."
- 22) Other - Wellness programs, employee assistance plans, health club memberships, and employee gifts, etc.
- 23) Total Benefits — The sum of items 19 - 22.
- 24) Total Compensation — The sum of items 18 & 23.

Selling

- 25) Travel & Entertainment/Conventions — Airfare, meals, hotels, social/country club dues, convention related expenses. Does NOT include professional dues/memberships, which are included in "Operating - Dues/Subscriptions/Contributions."
- 26) Automobile Expense — Lease, gas, maintenance/repair, employee parking, mileage allowances, etc. Does NOT include employee auto insurance, which are included under "Insurance" in Operating section; also exclude auto depreciation, which is included under "Depreciation" in Administrative section.
- 27) Advertising/Promotion — Promotional/advertising materials, target marketing services, fees paid to advertising or public relations agencies, media buys, contest rewards, customer relations functions, gifts, telemarketing, etc.
- 28) Total Selling — The sum of items 25, 26 & 27.

Operating

- 29) Occupancy Expenditures — Total rent, utilities, building/grounds maintenance, property taxes, janitorial services, storage & other building related expenses. Should be net of rental/sublet income. Does NOT include building depreciation or leasehold amortization, which are included in "Administration - Depreciation."
- 30) Office Equipment Expenses — Leased and expensed equipment purchases and equipment maintenance for copiers, telephone & fax, postage meters, office furniture & fixtures. Does NOT include leased IT equipment, which is included in "Operating - IT Expenses." Does NOT include depreciation, which is included in "Administration - Depreciation."
- 31) IT Expenses — Expensed/leased computer hardware, software, license fees, maintenance and maintenance contracts, website development/maintenance, website hosting, internet connections, automation related training, regularly outsourced IT support, etc. Does NOT include equipment depreciation, section 179 items, or software amortization, which are included in "Administration - Depreciation."
- 32) Telephone — Local & long distance, cellular telephone, and fax expenses. Does NOT include leased telephone equipment, which is included in "Operating - Office Equipment Expense."
- 33) Postage — Postage, Express mail, FedEx, UPS, or courier services. Does NOT include postage machines, which are included in "Operating - Office Equipment Expense."
- 34) Supplies/Printing — Office supplies, paper, copying/printing, coffee/soft drinks/break room expenses.

- 35) Dues/Subscriptions/Contributions — Professional dues/membership fees, periodical & information services subscriptions, contributions.
- 36) Taxes/Licenses — Insurance licenses, miscellaneous local & franchise taxes, sales tax, other property taxes, and license fees. Does NOT include occupancy-related property taxes, which are included with "Operating – Occupancy Expense." Does NOT include payroll-related taxes, which are included with "Payroll – Payroll Tax."
- 37) Insurance —Property & casualty insurance, including employee auto insurance and workers' compensation, and payments for E&O claims/settlements.
- 38) Professional Fees — Expenses for CPAs, lawyers, consultants and other outside advisors. Does NOT include directors' fees, which are included in "Administrative – Other."
- 39) Bad Debts — Bad debts written off and agency-paid claims. Does NOT include E&O claims/settlements, which are included with "Operating – Insurance."
- 40) Outside Services — MVRs, CLUE reports, etc.; bank fees, employment fees, moving expenses and all other outside service expense including those used to deliver value added services to the agency's clients (e.g., Zywave, actuarial services, COBRA administration, etc.).
- 41) Education/Training — Tuition reimbursement, registration fees, materials, books/materials, in-house training programs, and related travel expenses, etc. Does NOT include training on how to use your agency management system or other agency technology, which is included with "Operating – IT Expenses."
- 42) Miscellaneous — Other non-specific miscellaneous operating expenses not included elsewhere.
- 43) Total Operating — The sum of items 29 – 42.

Administrative

- 44) Depreciation — All depreciation of fixed tangible assets to include current year depreciation related to autos, building depreciation, depreciation of equipment, furniture and fixtures (including section 179 purchases), depreciation of computers, servers, software, leasehold improvements, etc. The write-down of certain tangible assets may be called amortization, but it is included here if it involved a tangible asset.
- 45) Amortization of Intangibles — All amortization of intangible assets to include current year amortization of acquired expirations, covenants, non-competes, customer lists, etc.
- 46) Officer Life — Premium paid by agency, where agency is beneficiary.
- 47) Interest —Interest expense incurred.
- 48) Other — Directors' fees, non-specific overhead allocations to parent companies, deferred compensation, and any other miscellaneous administrative expenses.
- 49) Total Administrative — The sum of items 44-48.
- 50) Total Expenses — The sum of 24, 28, 43, & 49.

Growth and Profitability

- 51) Pro Forma Revenue – Net Revenue after the agency's revenue categories are normalized by eliminating non-recurring or non-operating activity.
- 52) Pre-tax Profit/Loss — Net Revenues less Total Expenses.
- 53) Pro Forma Pre-tax Profit – Pro Forma Net Revenues less Pro Forma Total Expenses.
- 54) Pro Forma Operating Profit – Pro Forma Pre-tax Profit less contingent and bonus/override income.

- 55) Operating Profit — Pre-tax Profit less contingent and bonus/override income.
- 56) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) — An agency's profit before interest, taxes, depreciation and amortization expenses are included.
- 57) Pro Forma EBITDA — Adjusted EBITDA after a) Pro Forma Revenue adjustments are accounted for, b) discretionary expenditures made for the benefit of the owners are added back, and c) expense categories are normalized to eliminate non-recurring and/or non-operating activity. Pro Forma EBITDA excludes all Administrative expenses (Depreciation, Amortization, Officer Life, Interest, and Other).
- 58) Sales Velocity – A Reagan Consulting metric used to gauge a firm's new business results. Expressed as a percentage, Sales Velocity is current year New Commission and Fee income written divided by prior year Commissions and Fee income.
- 59) Banded Sales Velocity – Sales Velocity contributions by producer age segments (35 and under, 36-45, 46-55, over age 55).
- 60) Rule of 20 Score — A Reagan Consulting valuation metric that is the sum of the agency's Pro Forma EBITDA margin times 50% plus the organic commission and fee growth rate. It provides a quick means of calculating whether an agency is creating significant returns for its shareholders.

Financial Stability

- 61) Current Ratio — Current assets divided by current liabilities. A current ratio greater than 1:1 indicates that cash and assets with short term maturities are sufficient to meet a firm's short-term obligations.
- 62) Trust Ratio – Cash plus accounts receivable divided by premiums payable.
- 63) Tangible Net Worth (TNW) — Total tangible assets minus total liabilities. The tangible net worth represents the net value of the agency's balance sheet if it were liquidated. A low or negative tangible net worth impacts an agency's ability to invest in new opportunities, develop new products, hire new employees, make other capital expenditures and facilitate shareholder redemption obligations.
- 64) Receivables/Payables Ratio — Accounts receivable divided by accounts payable. This ratio measures the collection practices of an agency, with a lower ratio representing more timely collections of those amounts due from insureds.
- 65) Aged Receivables — Measures the length of time that receivables are past due (over 60 days, over 90 days). Receivables aged greater than 60 days tend to have a magnified impact on the agency's liquidity as payments are most always due to insurance companies on or before 60 days, thus forcing the agency to use its own funds to pay carriers.

Employee Productivity

- 66) Total # of Employees (FTE) — Total number of full-time equivalent employees, including agency principals.
- 67) Pro Forma Revenue per Employee — Pro Forma Net Revenue divided by the total number of full-time equivalent employees. Includes 1099 and outsourced employees.
- 68) Pro Forma Compensation per Employee — Pro Forma Compensation divided by total number of full-time equivalent employees.
- 69) Pro Forma Spread per Employee — Pro Forma Revenue Per Employee less Pro Forma Compensation Per Employee. While Revenue Per Employee is a standard for measuring productivity, the Spread Per Employee

measures the dollars per employee available to pay all other agency expenses and generate a profit for the agency.

Producer Metrics

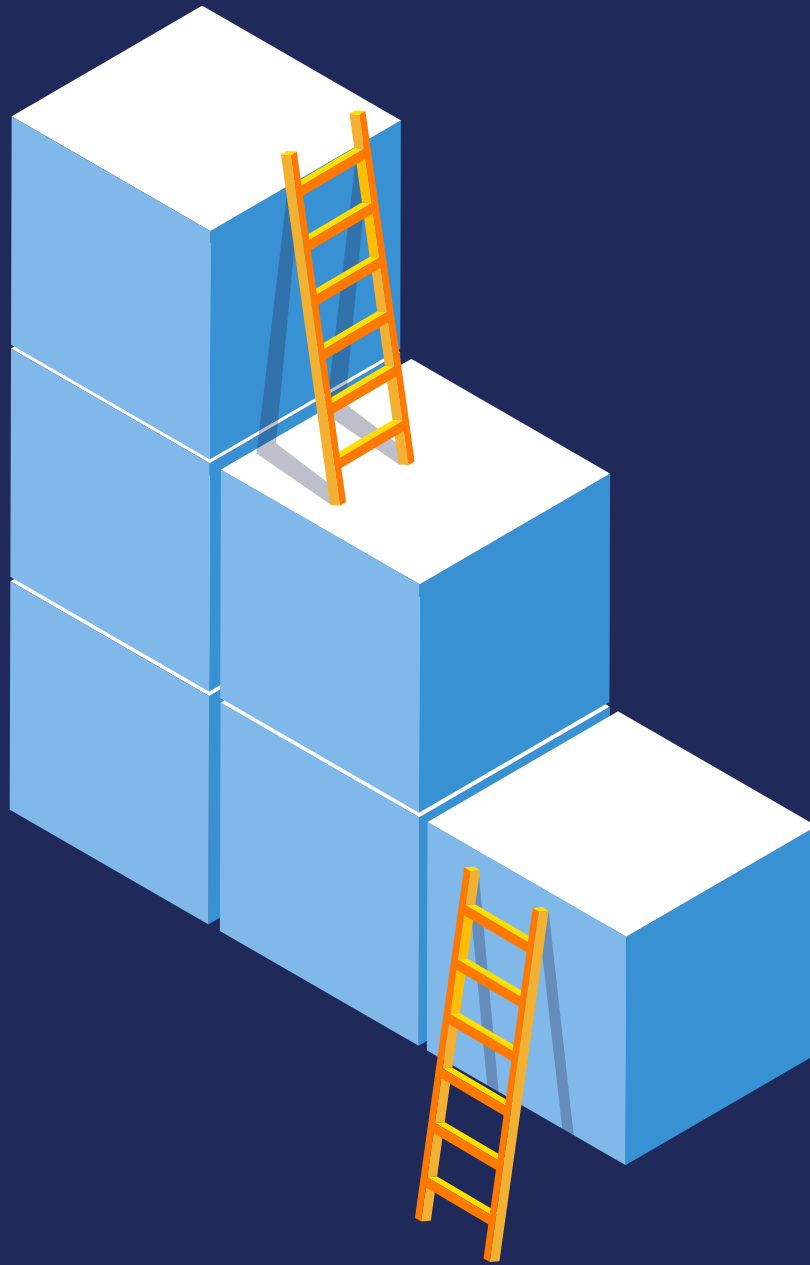
- 70) WAPA (Weighted Average Producer Age) – A Reagan Consulting metric designed to assess the relative age of an agency's production force. WAPA is calculated using the sum of the product of the agency's producers' ages and multiplying it by the percentage of the agency's "produced" business handled by each. House business is excluded for the WAPA calculation.
- 71) Validated Producer — A producer whose book of business is sufficient to cover his/her wages under agency's commission formula.
- 72) Unvalidated Producer — A producer whose production does not yet cover his/her wages under agency's commission formula.
- 73) 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 producers and what the producers would earn under the agency's normal commission schedule.
- 74) Effective NUPP — Effective NUPP, which is the product of an agency's investment in unvalidated producers (NUPP) and success rate in hiring producers (Producer Success Rate), is expressed as a percentage of net revenue. It is the best overall measure of an agency's effectiveness in recruiting and developing sales talent.
- 75) Hiring Velocity — A gauge of an agency's hiring rate in replenishing its existing producer population. Calculated by taking the number of unvalidated producers hired in the most recent year and divide it into the agency's total number of producers. A healthy Hiring Velocity is typically in the 18-22% range.
- 76) Producer Average Compensation — The portion of a producer's total W-2 compensation that resulted from the producer's production responsibilities. Management and other non-sales compensation is excluded.

Ownership & Staff Info

- 77) WASA (Weighted Average Shareholder Age) – A Reagan Consulting 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 multiplying it by their ownership percentages.
- 78) Shareholder Age Banding - A measure of firm ownership by age group and/or other ownership sources i.e., ESOPs, Outside Investors, etc.
- 79) Service Staff — Typically non-commissioned personnel who are responsible for providing service to the agency's clients and/or supporting producers in the sale of new business and the retention of existing business.
- 80) 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.
- 81) 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.).

- 82) 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.).
- 83) 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).
- 84) 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.



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