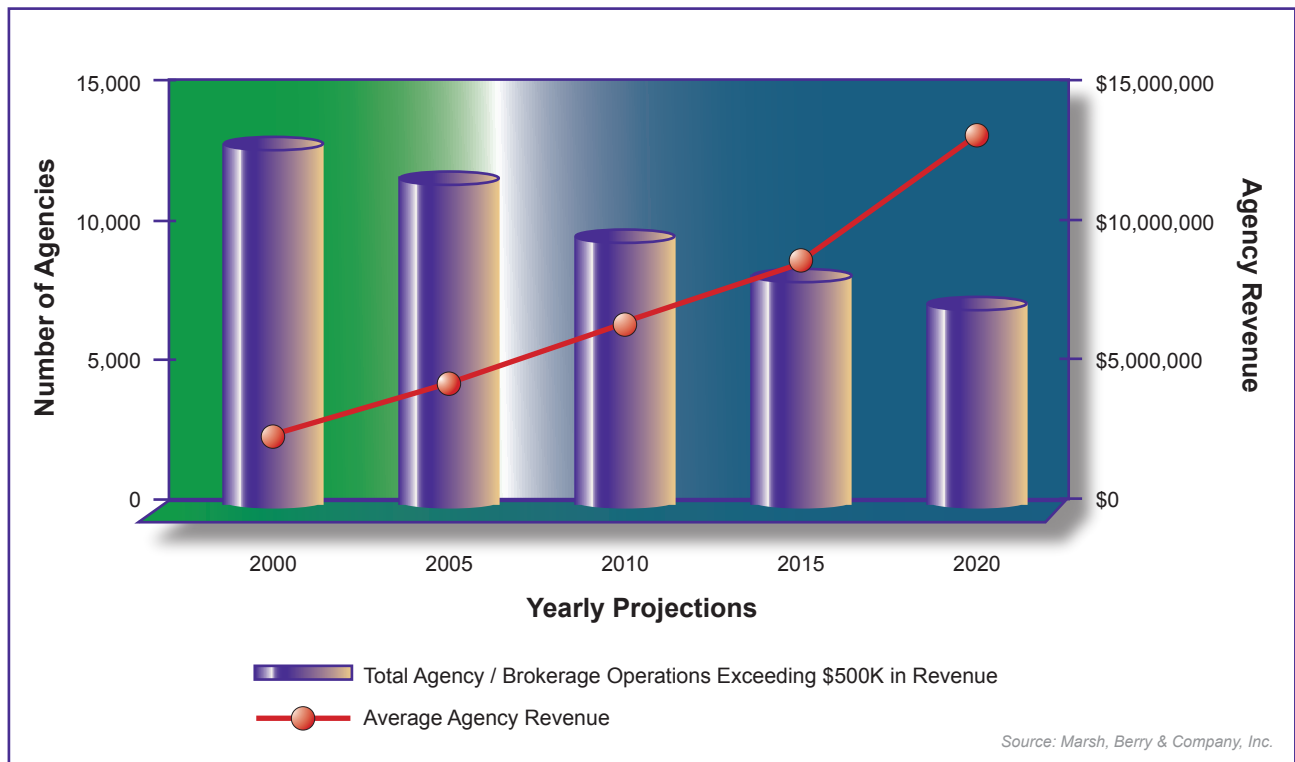


## U.S. Brokerage Marketplace

Consolidation continues to permeate the insurance distribution space due to both buy-side demand and sell-side necessity. Buyers need total growth enhancement and those who have to sell cannot realize growth.

The average agency size continues to increase and size matters. Size helps solidify carrier clout, expand the inventory of products and services offered insureds, increase earnings potential and provide the reinvestment capital necessary to ensure survivability and prosperity.

The number of agencies attaining over \$500,000 in agency commissions will fall from approximately 11,700 in 2005 down to 8,500 by 2015. Most of the consolidation will occur at levels below \$5 million in agency revenue. The total number of agencies above \$5 million will increase over the next 10 years while the average size of those agencies continues to rise as well. The market is trending toward more large agencies and fewer small agencies.



In next month's issue, we will look at the various acquisition segments and the reasons behind projected consolidation.

Authored by Doug Yoh, MarshBerry CEO

