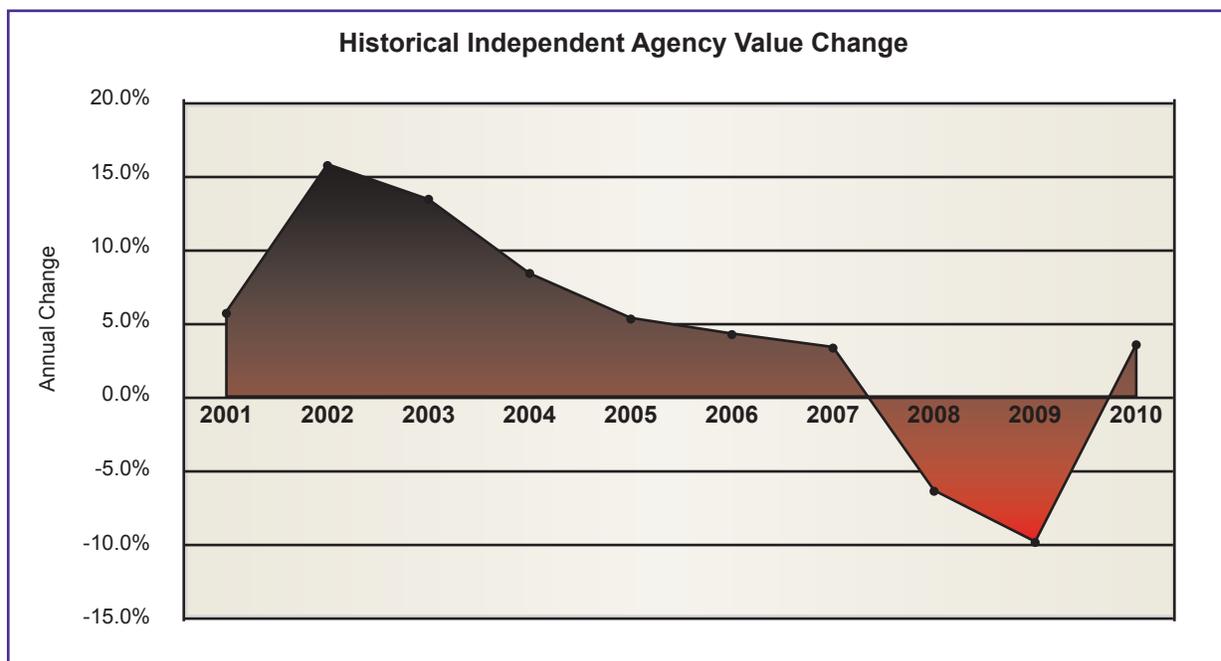


Historical Independent Agency Value

As owners and drivers of independent insurance agencies, most of you are finding yourselves still struggling in an uncertain economy, with the forces of a soft market only making your job of running a growing and profitable organization more difficult. Is all of your effort really making a difference in the true value of your business? MarshBerry took a hard look at the fluctuating value of agencies between 2001 and 2010. What we've found is that, beginning in 2008 and continuing throughout 2009, agency valuations did indeed decline. During 2010, however, we saw a rebound in agency valuation. The graph below represents year-to-year changes in agency valuations:



There are two primary drivers of agency valuation: agency performance and market conditions. Agency owners cannot control market conditions; however, agency management can control the performance of the agency. While the majority of agency valuations declined in recent years, the better performing agencies achieved flat or slight increases in value. These agencies were able to combat the volatile market conditions by understanding and monitoring the important financial metrics which drive agency value. As growth in commission income deteriorated and profit eroded, agencies that outperformed the average implemented cost cutting measures to maintain or improve profitability. At the same time, more progressive agencies introduced sales management techniques and redefined their sales processes to drive new sales and enhance retention efforts. Even in difficult times it is important to continually reinvest in the future of the agency.

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- How to determine and apply the growth strategies – organic or acquisition-based – best suited to your company
- The tactics seasoned acquirers use
- Integrating financial metrics and proprietary models to construct a viable internal succession plan
- Implementing an acquisition strategy that maximizes shareholder value

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Neal R. Aton – President and CEO, Wells Fargo Insurance Services

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Markham McKnight – President and CEO, BancorpSouth Insurance Services

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