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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Two days of insight from leading insurance executives, advisors and analysts on the industry's key strategic issues and projections for the future of the insurance distribution business.

Achieving organic growth is no small task as the industry faces challenges from an uneven economy, stubbornly soft premium rates, evolving carrier demands and competitors eager to lure away top-performing employees. Acquisitions remain an essential, but evolving, component of a successful growth strategy.

Join us for panel discussions, keynote presentations and interactive workshops. Leading executives and value-creators will share their insight on the industry's dynamics and discuss strategies for maximizing a firm's value.

Panel topics include

• The economic factors influencing current industry performance and those likely to impact future performance
• 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

Speakers and panelists include:

John Addeo – CEO, Confie Seguros
Neal R. Aton – President and CEO, Wells Fargo Insurance Services
Edward J. Bowler – Senior VP, Corporate Development, USI Holding Corporation
John Butler – Managing Director, Sandler O‘Neill + Partners
David Donnini – Principal, GTCR
David L. Eslick – Chairman and CEO, Marsh & McLennan
James S. Gault – Corporate Vice President, President and CEO, Brokerage Services Division, Arthur J. Gallagher
James W. Henderson – CEO, Assured Partners
Martin P. Hughes – Chairman and CEO, HUB International
Eric Leavitt – President, Leavitt Group
Matthew McKenna – Director of Financial Services, First Niagara Financial Group
Markham McKnight – President and CEO, BancorpSouth Insurance Services
David Paul – Partner, ALIRT Insurance Research
J. Scott Penny – Regional President and Chief Acquisition Officer, Brown & Brown
Phil Trem – Vice President, MarshBerry
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Clark Wormer – Director of M&A, HUB International
Tim Zawacki – Senior Industry Editor, SNL Financial

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