



Organic Growth & Profitability Survey

Q3 2008 Results

About the Organic Growth & Profitability (OGP) Survey

The two most important drivers of agency value are organic growth and profitability. In today's difficult economy and soft P&C insurance market, agency leaders need to know how they stack up against their peers. Unfortunately, while growth & profitability metrics are available quarterly from the publicly traded insurance brokers, there is no industry-wide source of quarterly data for privately-held insurance brokers.

Until now.

In late 2008, Reagan Consulting launched a new quarterly survey called the Organic Growth and Profitability Survey. It is designed to provide agency leaders with real-time information on the performance of their industry. The intent is to equip them with critical information necessary to aid strategic decision-making.

In the first survey, which covered the first nine-months of 2008, a total of 109 insurance brokers participated in the OGP Survey. The median annual revenue of the participants was over \$15 million. We have also shown, for comparison purposes, the results of the public brokers, which include Aon, Arthur J. Gallagher, Brown & Brown, Marsh and Willis.

The results of the survey are shown below.

If you would like to participate in next quarter's Organic Growth & Profitability survey, please contact Shirley Lukens via e-mail at Shirley@reaganconsulting.com.



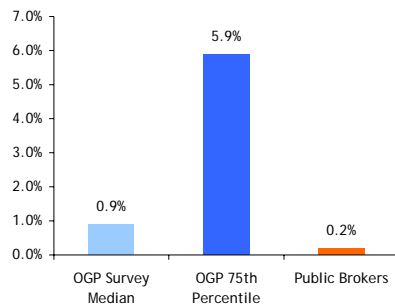
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The results of the first OGP Survey, covering the first nine months of 2008, reflect the continuing influence of the soft market on the performance of independent agencies and brokerages. Median organic revenue growth was almost flat for the period. Profitability was just over 20% for the median independent agency, buoyed by strong contingent income received early in 2008.

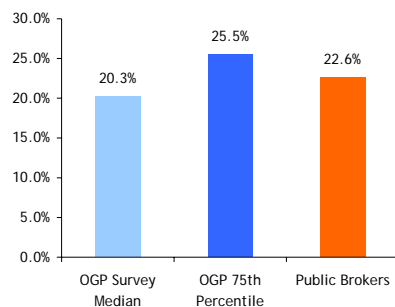
Organic Growth



Reagan Consulting Observations

- The survey indicates that large private broker organic growth exceeded public broker growth
- 42.2% of surveyed firms indicated that organic growth was negative during the first nine months of 2008
- Only 8.3% of firms surveyed reported double-digit organic growth (10% or more)
- Florida firms have faced a difficult market, with average organic growth for Florida firms in the survey of negative 13.7%

EBITDA Margin



Reagan Consulting Observations

- Only three firms reported negative agency EBITDA margins
- 39.8% of surveyed firms reported EBITDA margins greater than the average public broker margin
- In a divisional analysis not shown, the survey found:
 - Commercial Lines and Group Benefits divisions are currently generating very similar margins
 - Personal Lines EBITDA is approximately 12 points higher than Commercial Lines or Group Benefits