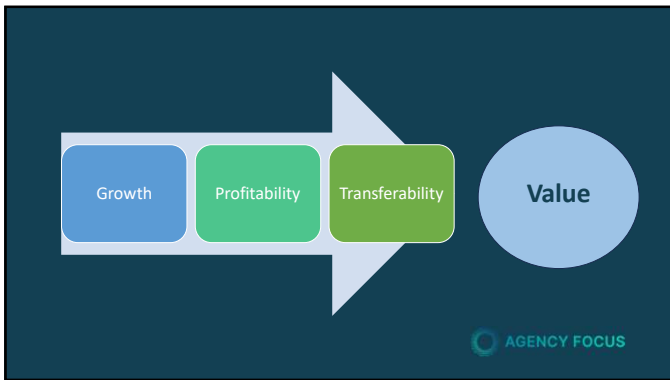




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2

What is needed for FMV?

Financial Statements:

- 5 years Financials
- Current Balance Sheet
- Cashflow
- Payroll by employee

Structure:

- Ownership Structure
- Sales & Service - Agreements
- Technology

Partners & Production:

- Carrier Mix & Loss Ratios
- Top 10 Clients

The "AGENCY FOCUS" logo is at the bottom. The background features a faint bar chart with labels Q1, Q2, and Q3.

3

Analysis of Agency Financials

- Map to Benchmarks
- Look for trends
- Peaks/One-time Expenditures
- Discretionary Expenses
- Compare to Benchmarks
- Reasonableness

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4

Income Statement Categories

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**INSURANCE AGENCY
PROFIT AND LOSS
CHART OF ACCOUNTS**

What are some best practices for insurance agency accounting profit and loss?

	1,186	14,555	12,366
41	(1,000)	0	(1,000)
208	660	544	837
	(1,042)	(5,092)	(5,976)
	(1,042)	(1,382)	(2,483)
	(2,513)	(6,751)	(5,382)
			(7,390)
		(924)	(1,055)
	(69)	(9,502)	(69)
	(69)	(21,348)	(13,313)
		8,886	2,766
		15,371	4,030
		1,174	
			(6,527)
			(67)

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5

Profitability Calculation

Total Revenue - Total Expenses


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CALCULATING EBITDA 

Total Revenue – Total Expenses = Profit	
Add - Interest	Add - Taxes
Add - Depreciation	Add - Amortization
Add - One Time Expenses	Subtract - One-Time Income
Add - Discretionary Expense	
Add or Subtract - Owner Compensation	
EBITDA	

Visit agency-focus.com to learn more



7

WHAT'S DRIVING YOUR ORGANIC GROWTH?

Where is it coming from?
 How likely to continue?
 Where is it concentrated?
 Is it transferable?



8

Calculating Organic Growth Rate

Current Year Commission – Last Year's Commission
 Last Year's Commission

*Remove Acquisitions & Sold Books



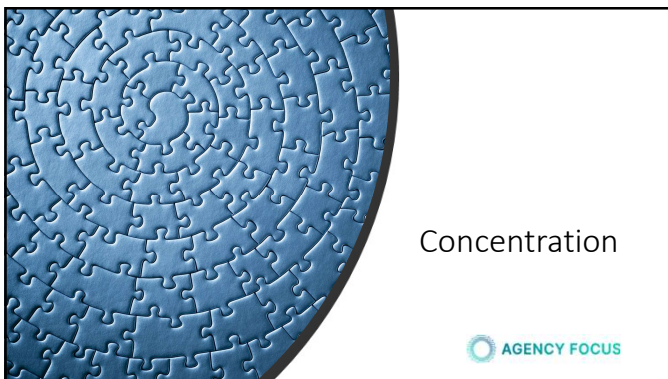
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10



11



12

Ownership Concentration

A single owner past the age of retirement – no plan
 WASA - 56.0
 % over 65 - 17%

Multiple owners mitigate the risk
 Having a plan reduces the risk
 Documentation and cross-train in key roles

Can the agency continue to function if something happens to key players. Access to carrier portals, bank accounts, systems, etc.




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Carrier Concentration

- 25% with one carrier
- Number of carriers – spread too thin
- Depth with carriers in a niche
- Ability to move business
- Rating of the carrier
- Likelihood that carrier will change appetite, commission rates, contingency
- Part of a network or cluster



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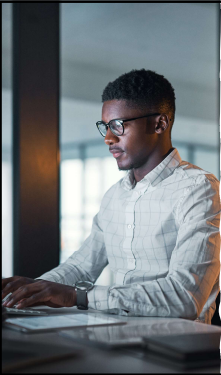


Customer Concentration

- Top Ten accounts
- % in any one customer
- % Top Ten
- Number of Customers
- Size of average customer
- Policies per customer


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Producer Concentration

- % of agency's overall WP
- Specialized expertise
- Age
- Nature of relationships
- Exposure of agency in the account
- Sales & Service culture
- Contracts & Awareness of repercussions
- Pathway to ownership

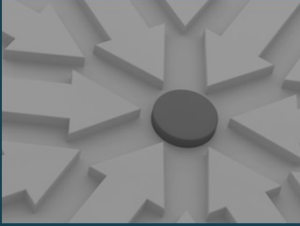



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Specialization - Niche



64% - Yes, I have a defined niche

Note: 54% of Independent Agencies do not specialize in a specific industry.

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Concentration Niche

- Nature of the business
- Environmental forces
- Volatility
- Loss ratio
- Expertise
- Exclusivity
- Ability to transfer easily
- Growth & Profitability
- Carriers & Markets

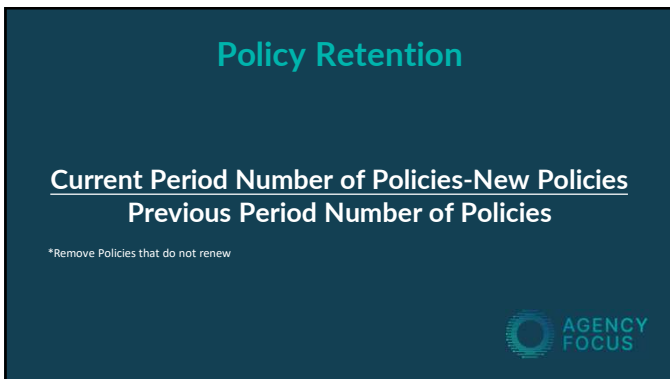
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Revenue Retention


$$\frac{\text{Current Period Commission Revenue} - \text{New Revenue}}{\text{Previous Period Commission Revenue}}$$

*Remove Revenue that does not renew



22

Policies Per Customer

$$\frac{\text{Total Number of Policies}}{\text{Total Number of Customers}}$$


23

What is my Retention Strategy?

CUSTOMER NPS/
SENTIMETER SCORE

POLICIES PER
CUSTOMER

NUMBER OF
MONOLINE ACCOUNTS

CROSS-SELL
OPPORTUNITIES

CUSTOMER TIERING



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Loss Ratios

- Trend by Carrier
- Overall impact to the agency – contingencies & relationships
- What is driving the losses
- Likelihood that they will improve, continue, etc.



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Culture



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Building the Team

- Demographic
- Compensation Structure
- Contracts with Producers & Employees
- Producer-owned Books
- Capacity




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Other Common Metrics




REVENUE/PRODUCER



REVENUE/EMPLOYEE



SPREAD





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FREE GUIDE

Perpetuation Plan Template

Not sure how to create a perpetuation plan for your agency? Get started using our free fillable PDF!






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Real Time Net Promoter Score Last 12 months

Net Promoter Score **82.3**

Monthly Trend




Responses

Total Sent	Responses	Promoters	Passives	Detractors	Response Rate
3,124	996	859	98	39	31.9%

Carrier	Producer	Themes
Carrier A: NPS 89.4	Producer A: NPS 92.8	Service: NPS 84.2
Carrier B: NPS 84.1	Producer B: NPS 88.1	Care: NPS 82.8
Carrier C: NPS 81.9	Producer C: NPS 87.8	Speed: NPS 82.5
Carrier D: NPS 77.4	Producer D: NPS 79.2	Price: NPS 60.0
Carrier E: NPS 71.3	Producer E: NPS 78.6	

Sales & Service

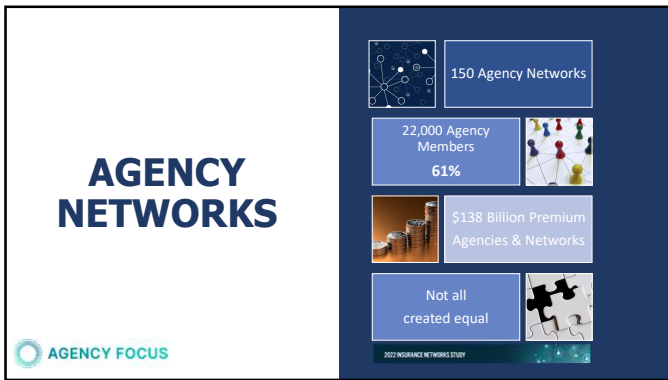
- Sales Goals
- Service Goals
- Metrics
- NPS – Customer Experience



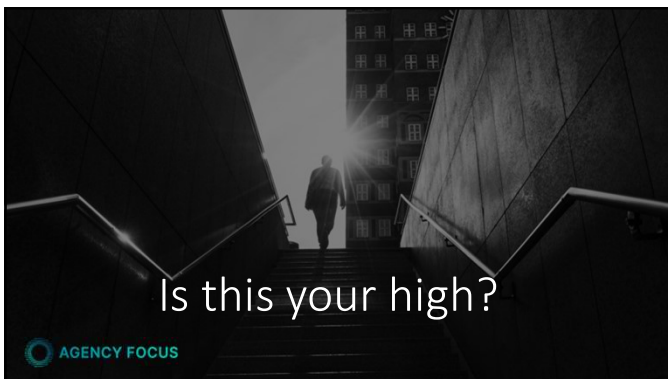
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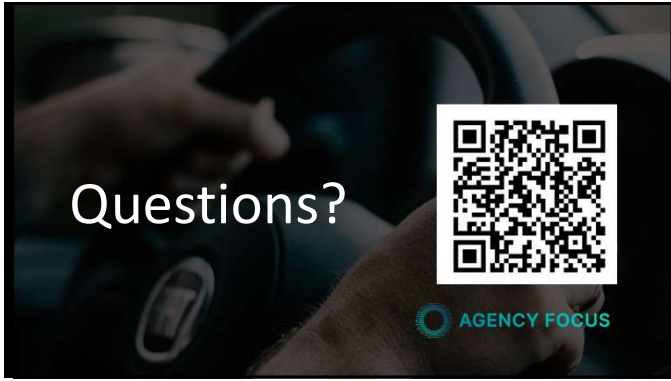
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