



IACON 22

rise up to change

COLUMBUS, OH | APRIL 5, 2022

OUR WHY





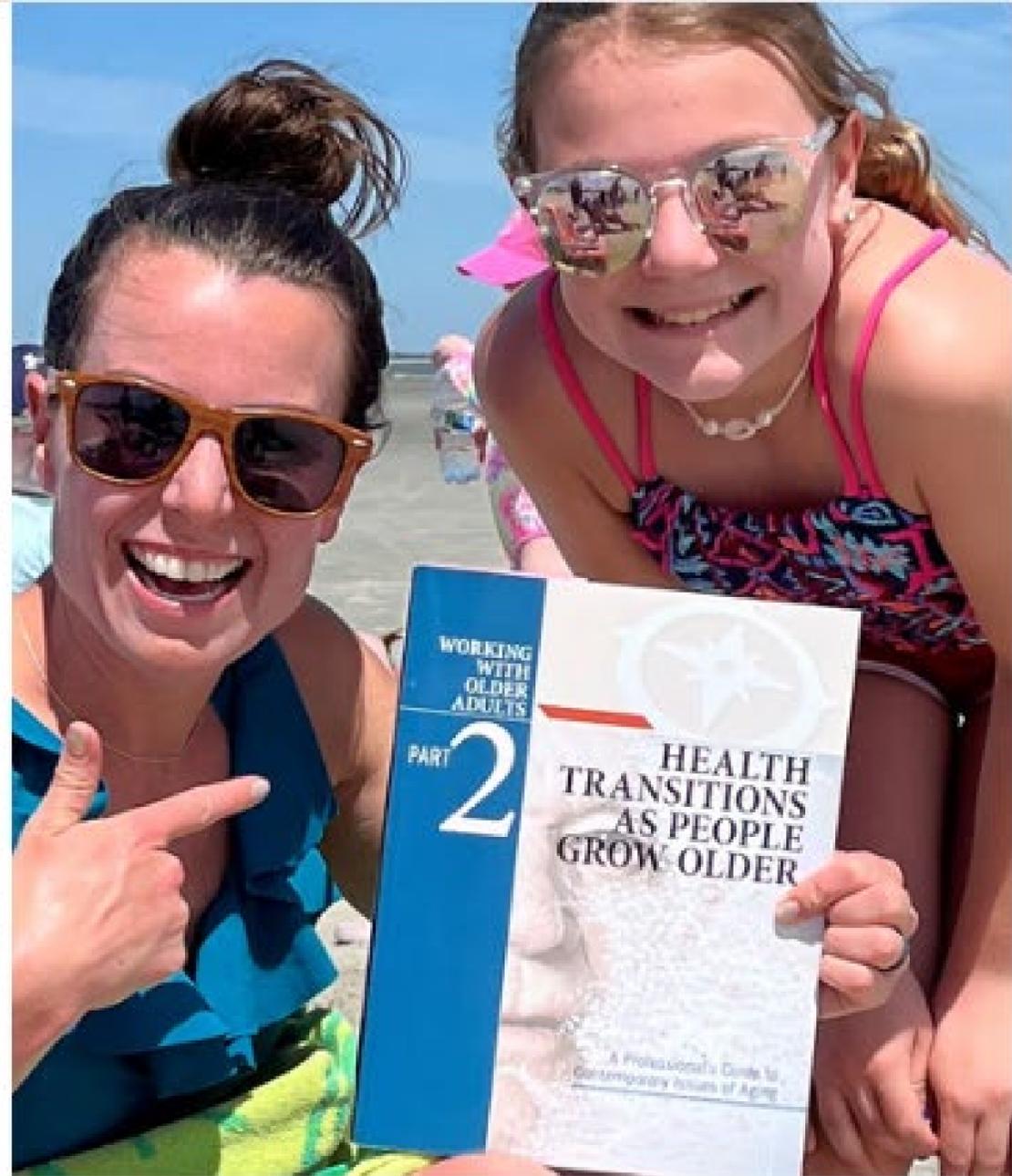
We promote, progress and protect the professional advice and guidance only independent insurance agents provide.

Ohio Insurance AGENTS

YOUR OIA TEAM



*diversity, equity
& inclusion*



*human resource
solutions*



the foundation





**Keystone Agency
Partners**



*fastest insurance
professional
female - male*



I N S U R A N C E H A S T A L E N T



SPECIAL GUESTS

OIA Board Members

Brent Phelan, CIC, CPCU, CRM, CSR

Katherine Watson, CIC

Kelley Culley, CIC, CPCU, CPIW, AU

Meghan Griffith Ragozzino

Derek Sprouse, CIC

Andrew Stephey, CIC, CRM, LUTCF

Past Board Presidents

Stephen Brown

Jeannine Giesler, CISR, CPIA

A. Michael Heister, CIC, DGIA

John Koetz, CIC, CPCU

Perk Reichley, CIC

Gerald Roach, CIC, CWCA

Matthew Simon, CIC, CPCU

SPECIAL GUESTS

Mary Beth Sanford, Russ Hocutt, Tony Sharrock, Rejeana Napier Wollum and the rest of the team from Sedgwick

Mark Angelucci and **Cullen Stevens** from Utica National Agent's E&O Program

Whitnee Dillard and the rest of the members of The Big I Diversity Council

Dean Fadel and **Mike Farley** from the Ohio Insurance Institute

Our guests from the PIA of Indiana

Chris Cline from Westfield Insurance who will soon be leading the Big I Agents Council for Technology

Jerald Tillman – founder of the National African American Insurance Association

SPECIAL GUESTS

Our Sponsors who have made this event possible through their support.

Jody Geiger and the IACON Staff Planning Committee who worked diligently to ensure a successful event.

NEW MEMBERS

Tony Schroeder @ Kersh Insurance Agency

Jon Saul @ Saul Insurance LLC dba Saul Insurance Agency LLC

Dustin Messer @ Messer Insurance Solutions

Tim & Tara Bebinger @ TNT Home and Flood Insurance, LLC

Rich Schlue @ Total Lifetime Care Insurance Group, Ltd.

Steve Atikian @ Solid Insurance

Eric Fisher @ Outdoor AdvINSURE Agency LLC

Scott Greene & Wendy Kegley @ Fourman Insurance

Adam Perzanowski @ Milestone Company

Patrick Bacon & Niki Paoloni @ Forest City Insurance LLC

Mike Fulmer @ Fulmer Insurance Agency, LLC

Kearny Hambrick & Kathy Bellinger @ Brick Insurance Group, Inc

**PLATINUM
SPONSOR**



WESTFIELD®

GOLD SPONSORS



SILVER SPONSORS



BRONZE SPONSORS

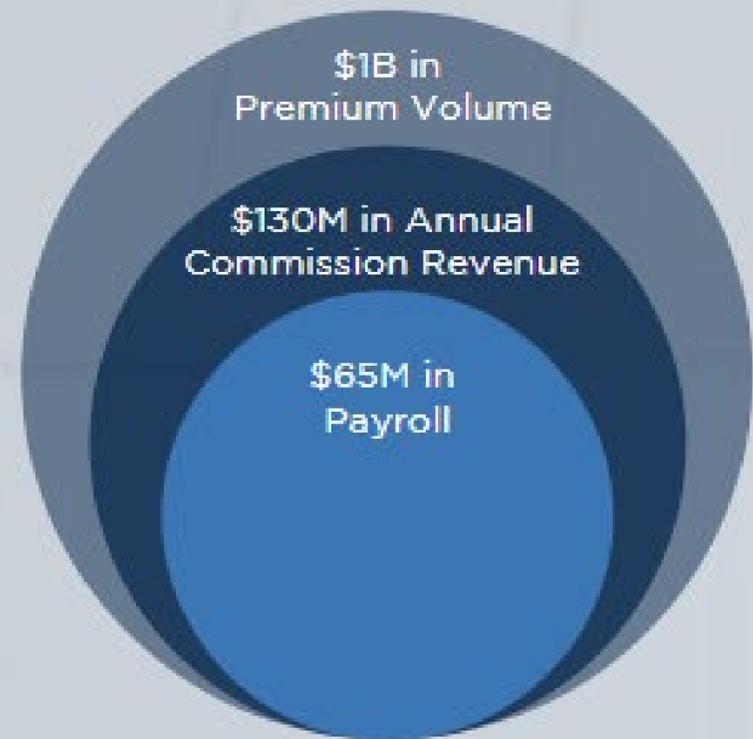
Acuity, a Mutual Insurance Company
Agency Collective, The
American Reliable
Auto-Owners Insurance Co.
Berkley Mid Atlantic Group
Central Insurance
Donegal Insurance Group
FORGE3
Grinnell Mutual
Hanover Insurance Group, Inc., The
Hippo
Imperial PFS
Keystone Insurers Group

Kemper
Levitate
Liberty Mutual/Safeco
Lightspeed
MAPFRE Insurance
Mennonite Mutual Insurance Company
Pekin Insurance
Sedgwick Managed Care Ohio
Selective Insurance
SIAA Ohio
State Auto Insurance
Talage
United Fire Group
Wayne Insurance Group

COPPER SPONSORS

Aegis General Insurance Agency
Agency Zoom
Agentero
Applied Systems
Argosy Risk Specialists
Berkshire Hathaway Guard Insurance
Berkshire Hathaway Homestate
Bloss & Dillard, Inc.
Branch Insurance
Buckeye Insurance Group
Capital Premium Finance
Celina Insurance Group
Commonwealth Insurance
EMC Insurance Companies
Epay Policy
FCCI Insurance Group
Firefly Agency LLC
Frankenmuth Insurance
Gainsco
Hagerty

Hartford
Hastings Mutual Insurance Company
HawkSoft Client Management System
Ideal Agriculture
Indiana Farmers Insurance
Insurance Agency Network
Iroquois
J. M. Wilson
Live Oak Bank
Ohio FAIR Plan
RiskRevu
SimplePin
Strategic Insurance Software
Swiss Re Corporate Solutions
Taskforce
Teasdale
Utica National
West Bend
Western Reserve Group



Top 5 Reasons Attendees Join OIA



400 Insurance Professionals



Over 60 Next Gen Agents

Top 5 Challenges



IACON 2022

OIA's Annual Conference
BY THE NUMBERS

Business Split



Personal Lines



Commercial Lines



Life & Health



IMPORTANT HOUSEKEEPING

Download the Whova app. We are a paperless conference. Everything you need is in the app!

Check out the Trade Show.

Vendors will be set up from 7:30am to 4:00pm. With over 55 booths, there is something for everyone!

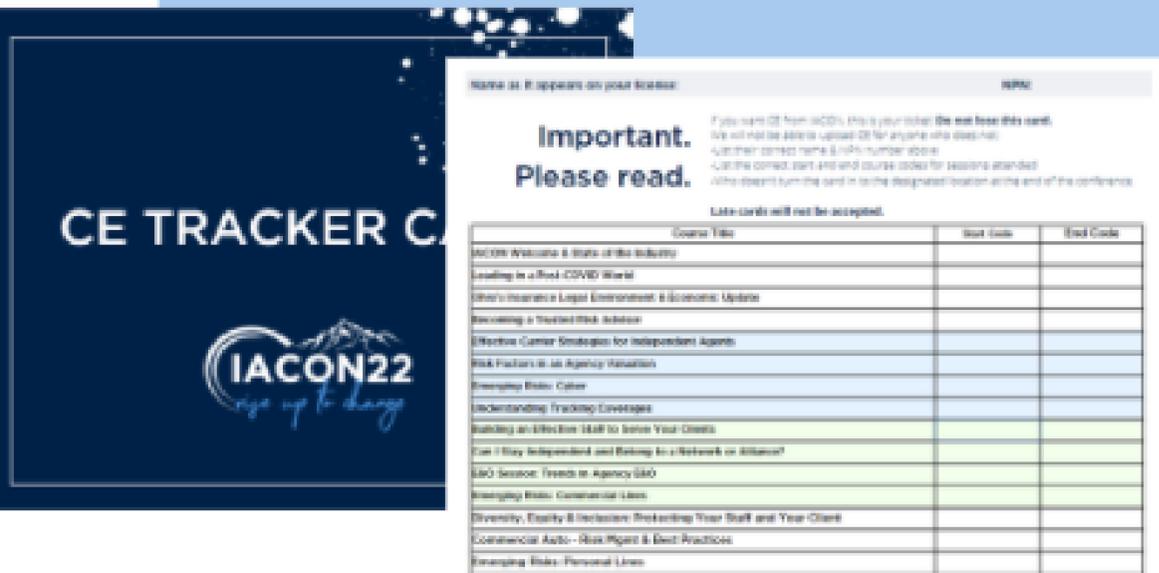
You can earn CE.

Grab a CE Tracker Card.

Make sure your full name and correct NPN are listed on it.

Write down the START code and END code of the sessions you attend.

Hand in the card to an OIA Staff Member before you leave.



CE START CODE

614



**State of the Insurance Industry
& IA System in Ohio**



State of the Ohio Independent Agency System





Session Overview

- Overview of the Independent Agency System
- Ohio Market Share
- Ohio Personal Lines Market Share
- Ohio Commercial Lines Market Share
- Independent Agency Performance
- M&A Activity in the Independent Agency System



OIA

THE LEADERS VERSUS THE LEGENDS

JEFF SMITH, JD, CIC, CAE
OIA CEO & GAME HOST



JODY GEIGER, MBA
OIA COO & GAME HOST

THE LEADERS

THE LEGENDS



KATIE WATSON
INSURANCE AGENCIES OF OHIO



MEGHAN GRIFFITH RAGOZZINO
THE GRIFFITH AGENCY



JEANNINE GIESLER
OHIO INSURANCE AGENTS



STEVE BROWN
PAYNE & BROWN INSURANCE AGENCY



DEREK SPROUSE
SPROUSE INSURANCE



MIKE HEISTER
HEISTER INSURANCE AGENCY



ANDY STEPHEY
UIS INSURANCE & INVESTMENTS



BRENT PHELAN
PHELAN INSURANCE AGENCY



LERONDA JACKSON
LFL INSURANCE AGENCY



PERK REICHLLEY
REICHLLEY INSURANCE AGENCY



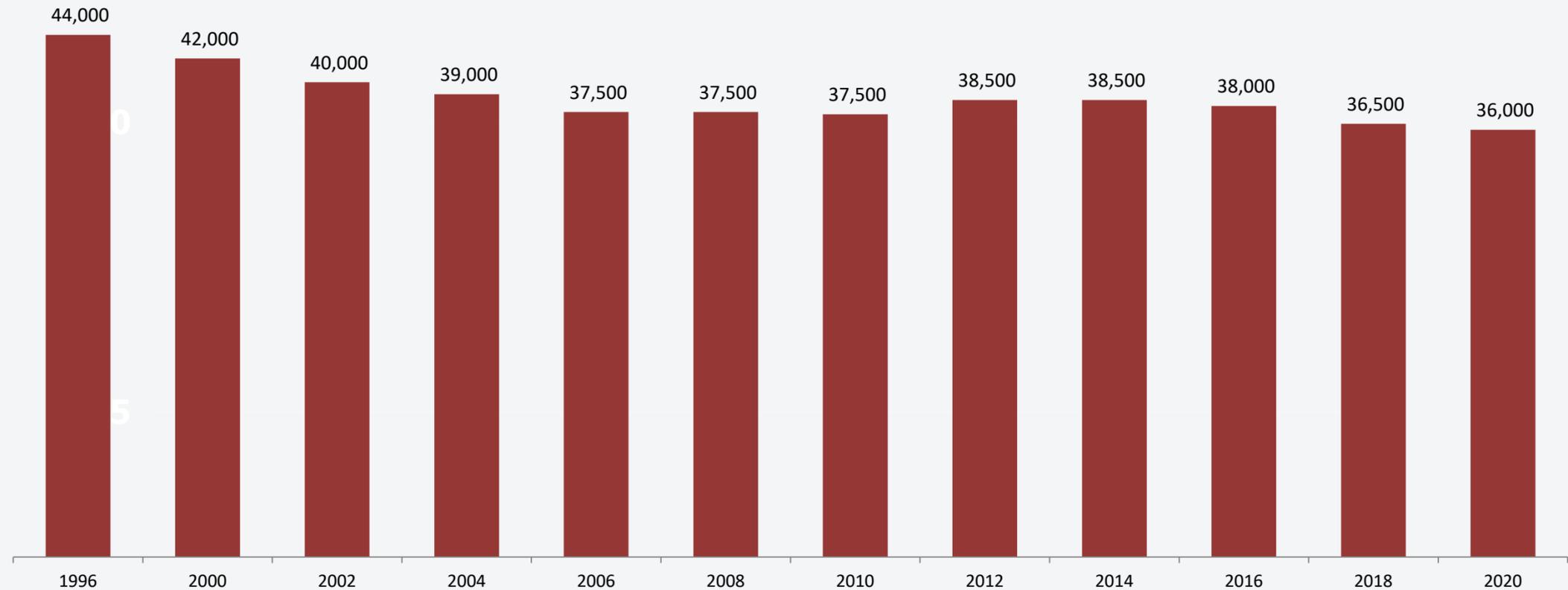
The Independent Agency System

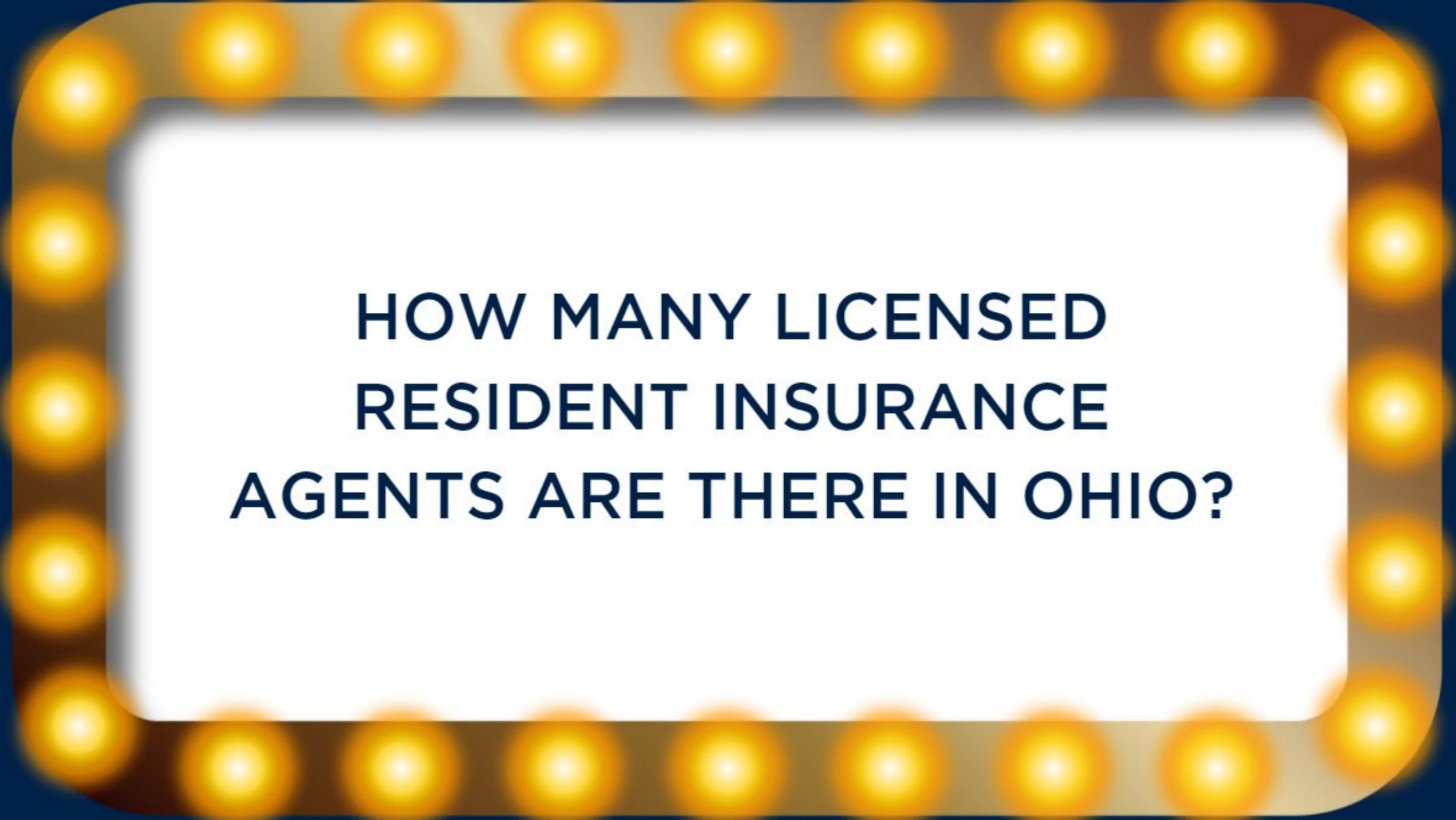


**HOW MANY INDEPENDENT
AGENCIES ARE THERE
IN THE UNITED STATES?**

Data Says...

According to Big I National's 2020 Agency Universe Study, there are approximately 36,000 Independent Agencies in the United States. This is a decrease of 18% since 1996.





**HOW MANY LICENSED
RESIDENT INSURANCE
AGENTS ARE THERE IN OHIO?**



Data Says...

According to ODI, there are approximately 70,000 and 5,000 business entities in Ohio. There are approximately 300K resident and non-resident agents and 21K business entities.

15
10
0
70,000 resident insurance agents

5
0
5,000 Business entities/Agencies

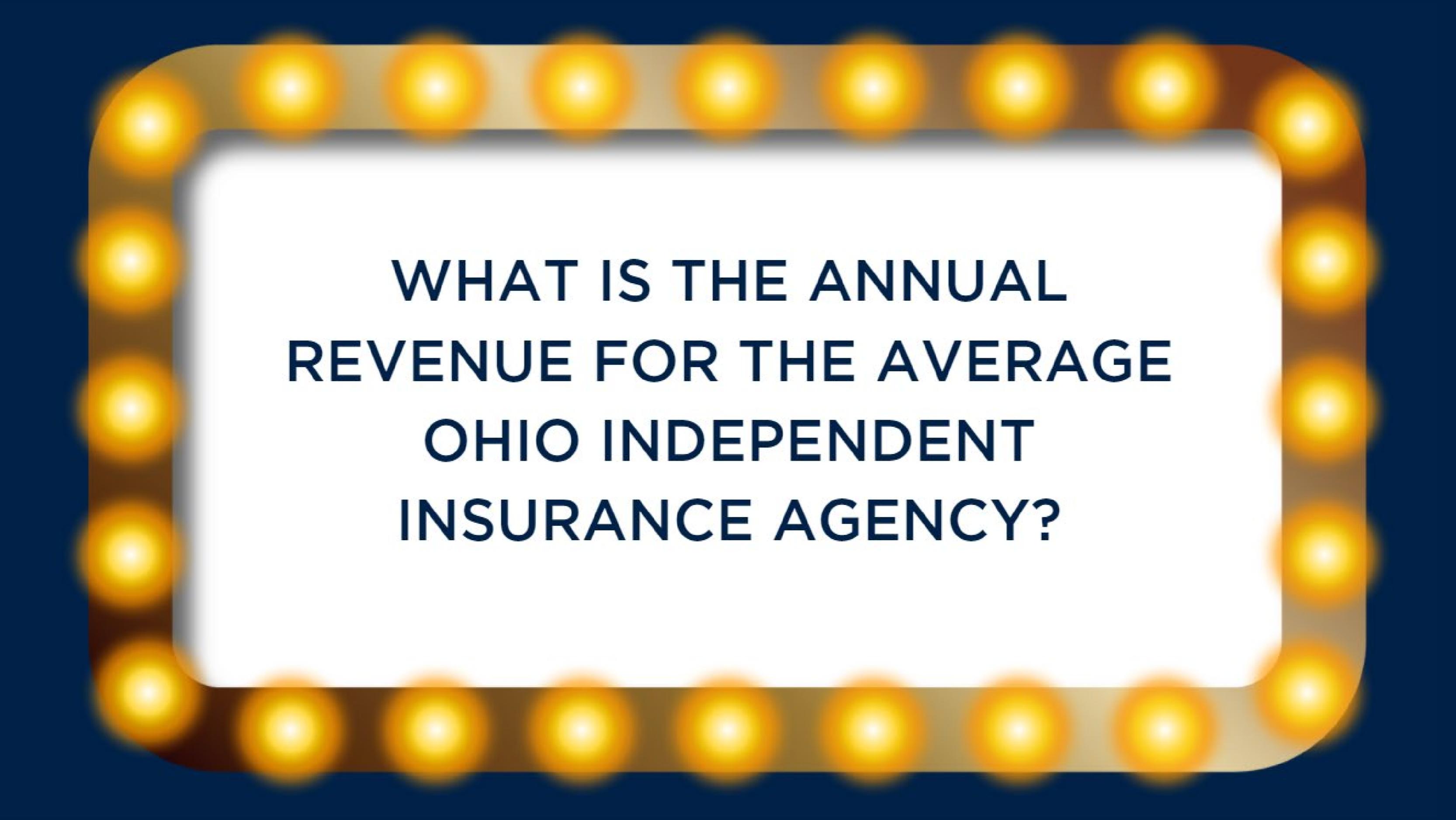
Item 1

Item 2

Item 3

Item 4

Item 5



**WHAT IS THE ANNUAL
REVENUE FOR THE AVERAGE
OHIO INDEPENDENT
INSURANCE AGENCY?**



Data Says...

According to OIA data, the average Ohio agency has revenue of \$661K. The average agency has 7 employees, \$4,75M in WP and an average shareholder age of 60.

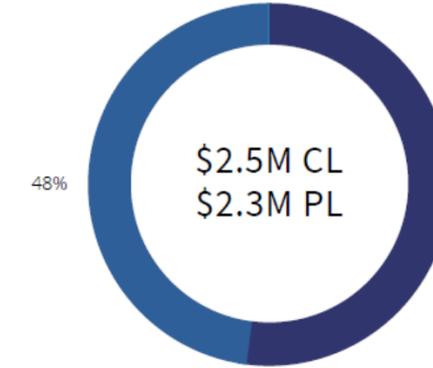
Percent of agencies by premium group

Small (< \$2.5M Premium) 58.8%

Medium (\$2.5 - \$10M Premium) 30.6%

Large (>\$10M Premium) 10.8%

Avg. Premium Volume



Avg. Commission Earned



Commercial Lines Personal Lines Life & Health

Average P&C Premium Volume

\$4.75M

Average P&C Commission Earned

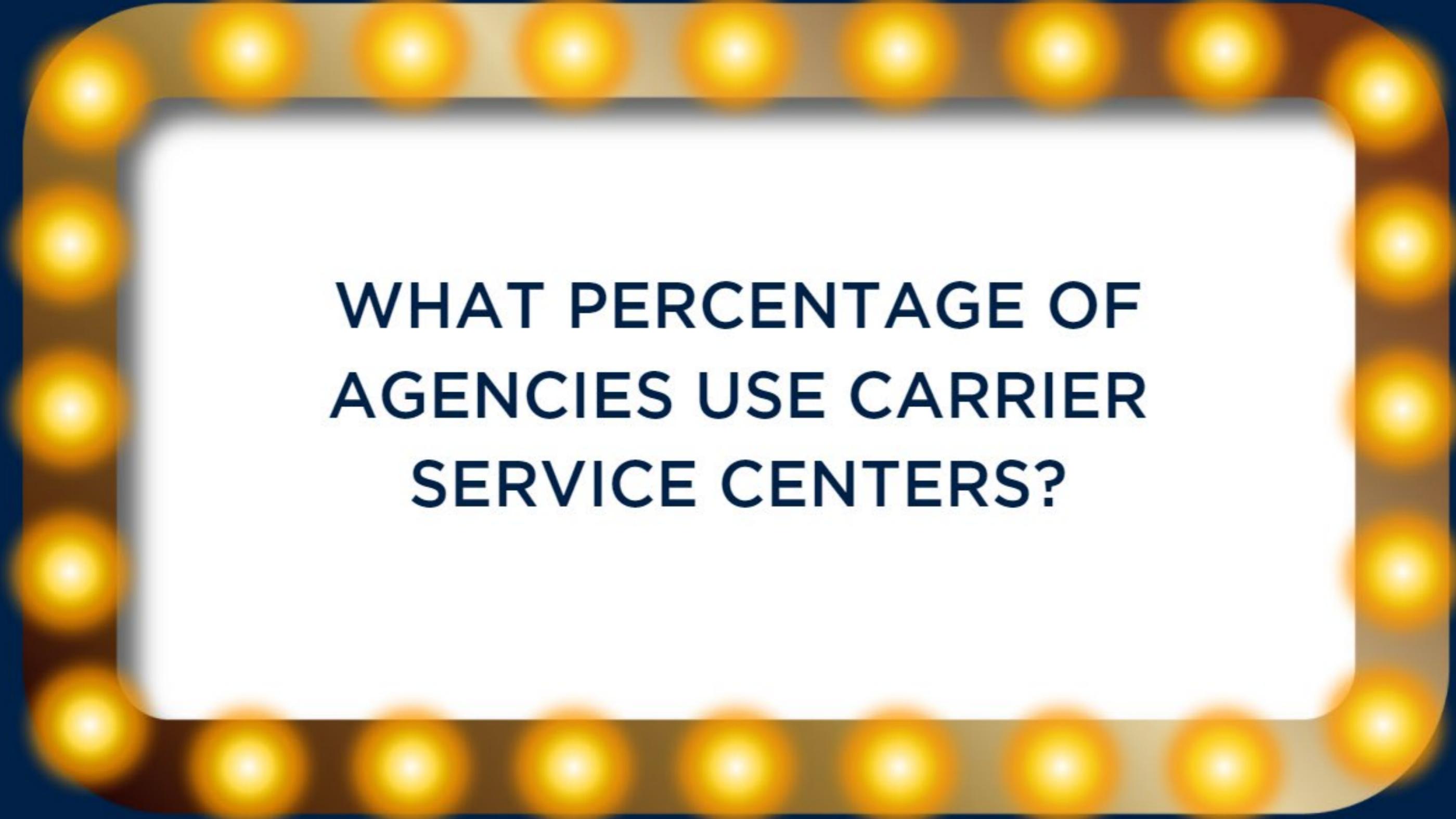
\$661K

Average Employee Count

7 employees

Average Shareholder Age

60 years



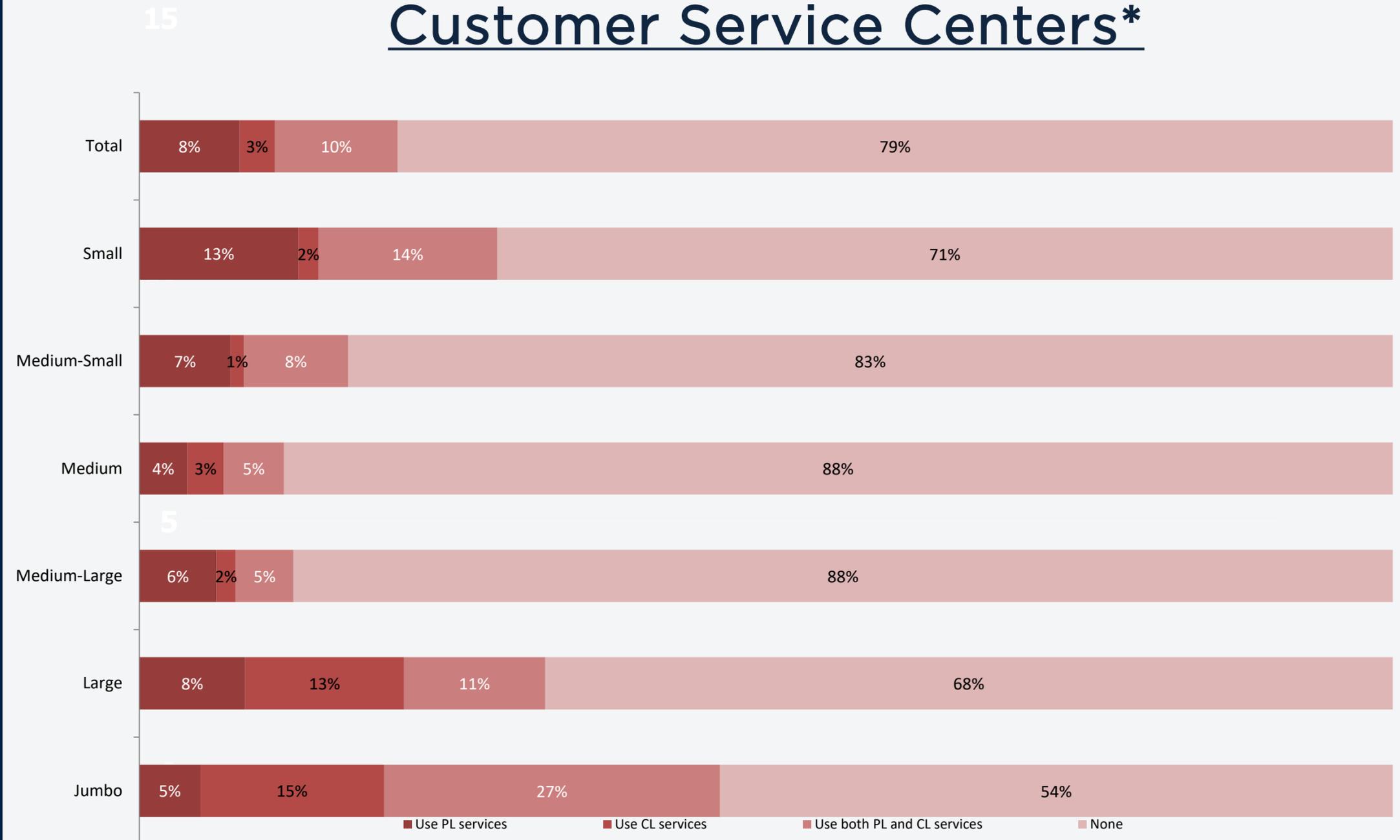
**WHAT PERCENTAGE OF
AGENCIES USE CARRIER
SERVICE CENTERS?**



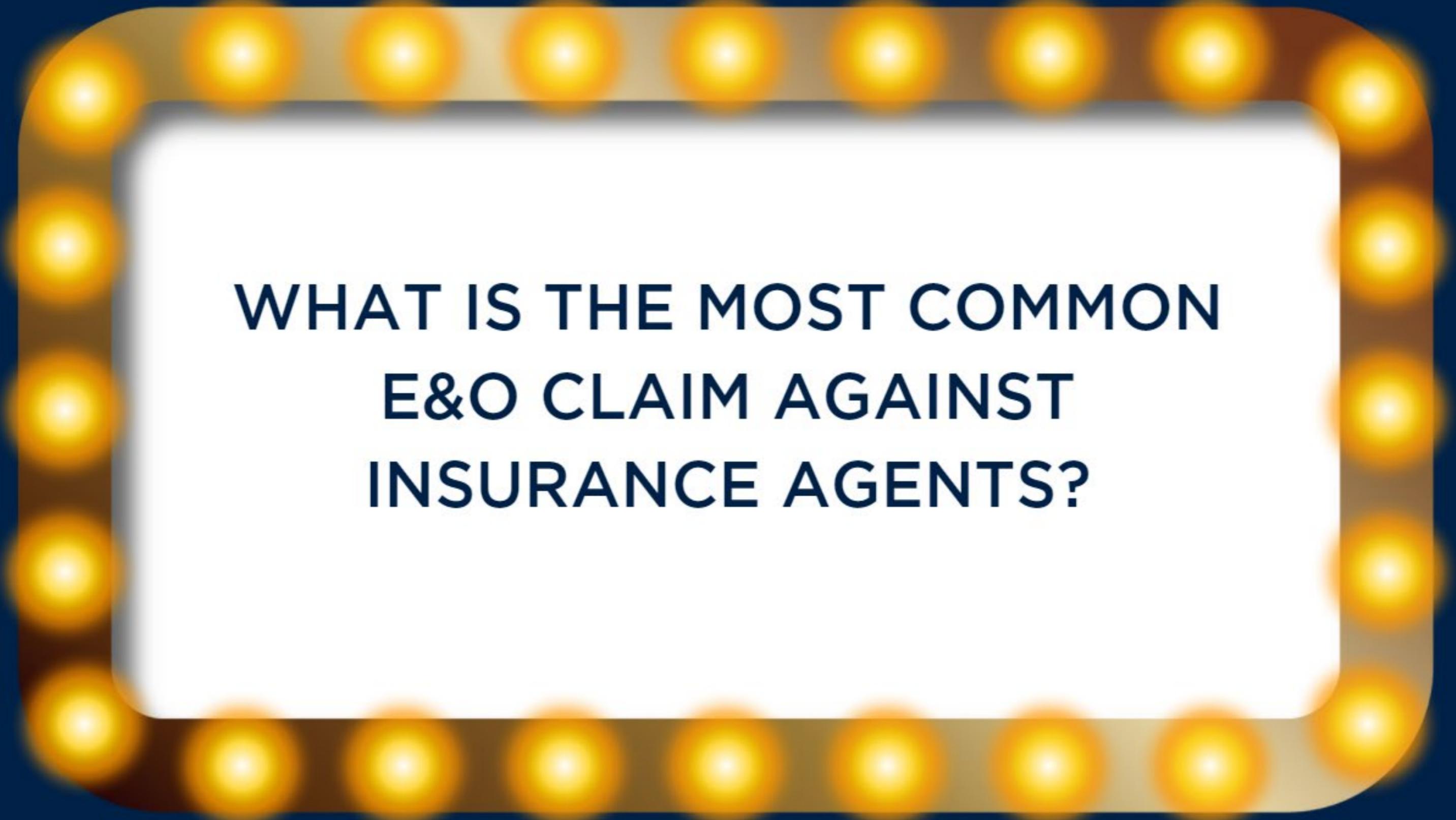
Data Says...

According to Big I National's 2020 Agency Universe Study, 79% of agencies do not use service centers, with Medium and Medium-Large agencies using them least often.

Percent of Agencies Using Carriers' Customer Service Centers*



* Percent of agencies who "have contracts with one or more carriers in which their customer service centers provide non-claims service to accounts and are responsible for any errors and omissions, in return for a reduction in the commission they pay you."



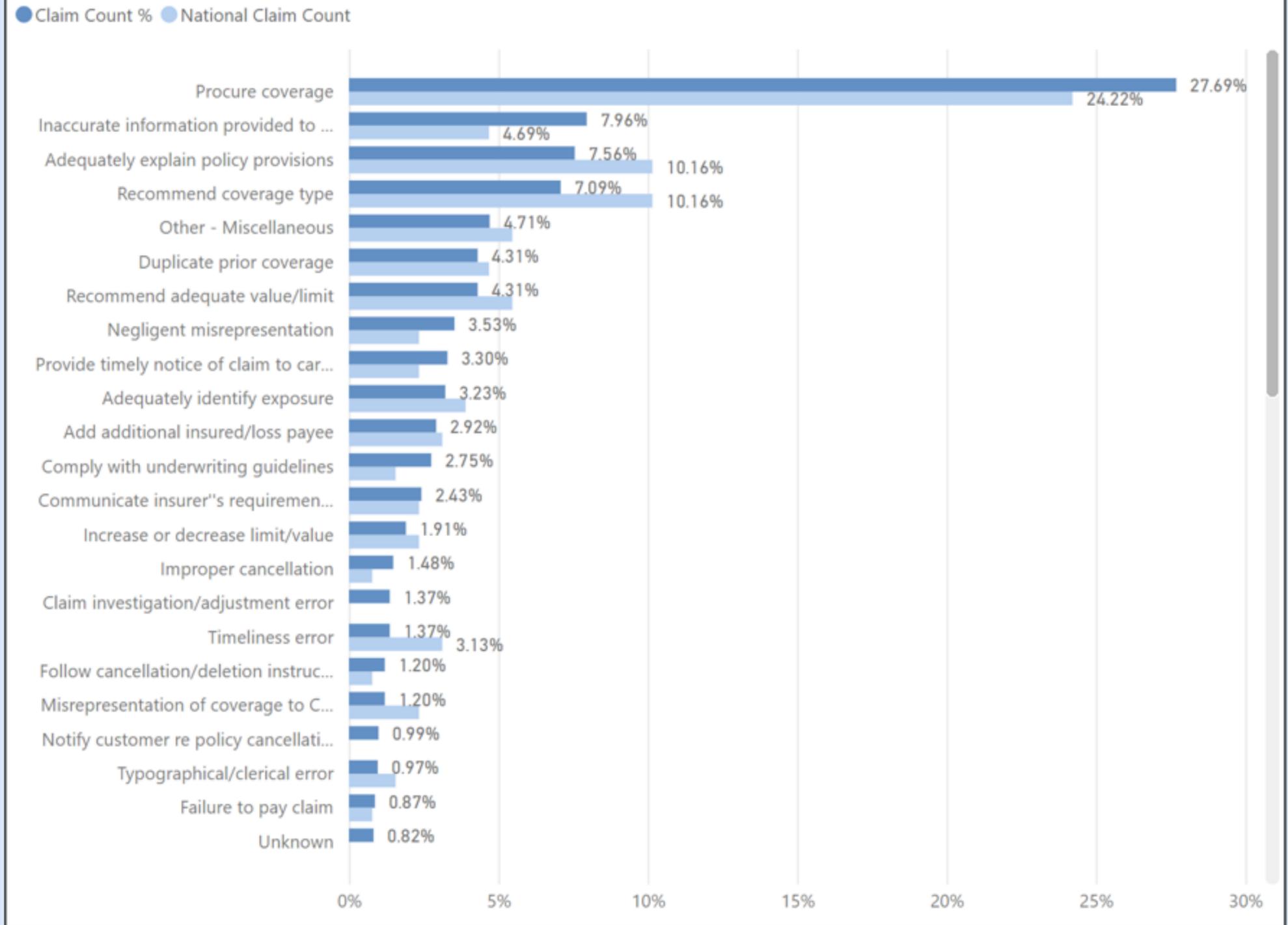
**WHAT IS THE MOST COMMON
E&O CLAIM AGAINST
INSURANCE AGENTS?**

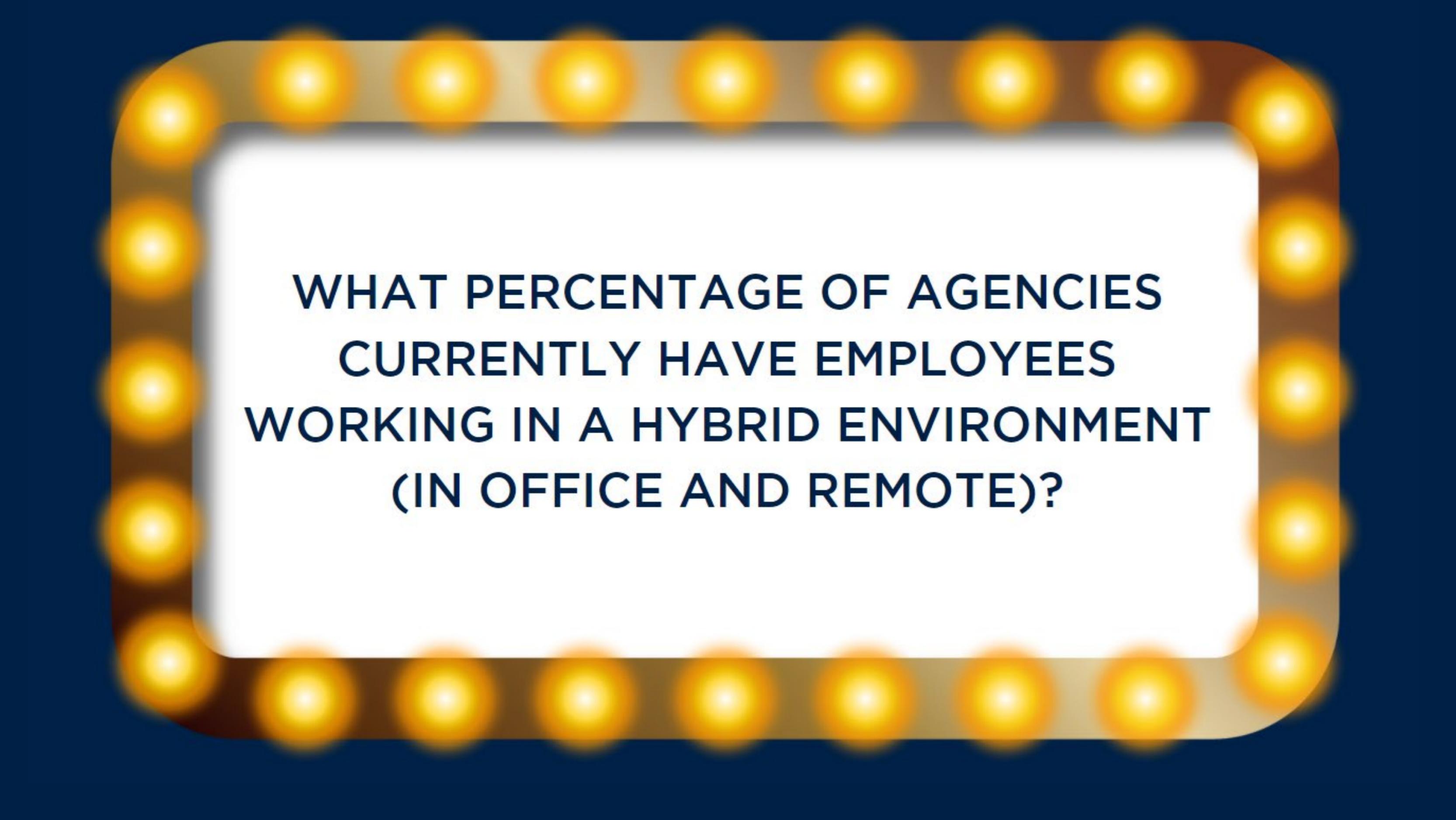


Data Says...

According to Swiss Re/Big I E&O Program, the most common E&O against agents is for failure to procure coverage. This comprises 28% of the E&O claims.

Claim Count % and National Claim Count by Alleged Error or Omission



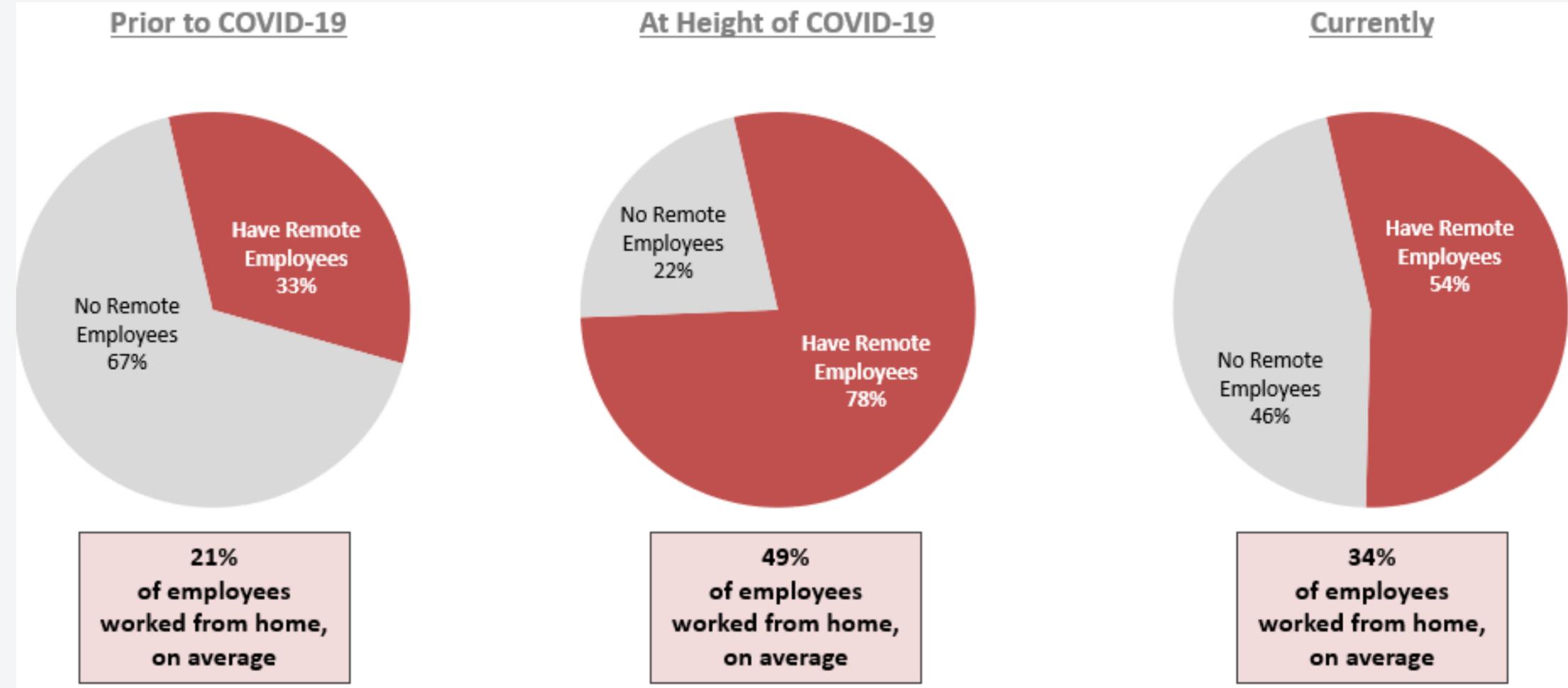


**WHAT PERCENTAGE OF AGENCIES
CURRENTLY HAVE EMPLOYEES
WORKING IN A HYBRID ENVIRONMENT
(IN OFFICE AND REMOTE)?**

Data Says...

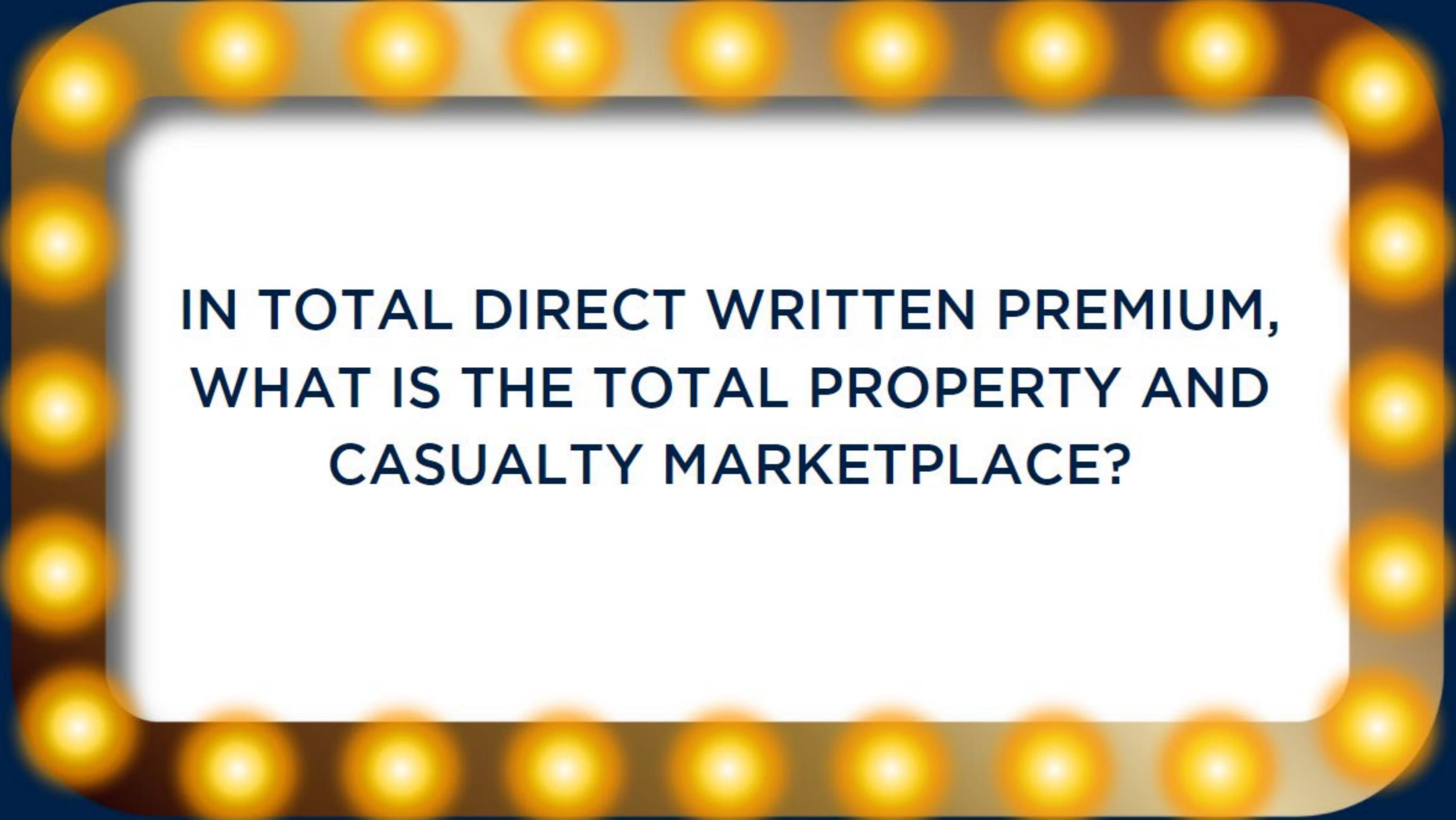
According to Big I National Agency Universe Study, about one in three agencies had employees working remotely before COVID-19, with this increasing to three in four during the height of the pandemic; the percentage of agencies with remote employees has settled to about half currently.

- Among agencies with remote employees, about one in five employees worked remotely, increasing to about half during the height of the pandemic. About one in three employees work remotely currently.
- Jumbo agencies are more likely to allow employees to work remotely as well as having a higher proportion of employees working remotely .





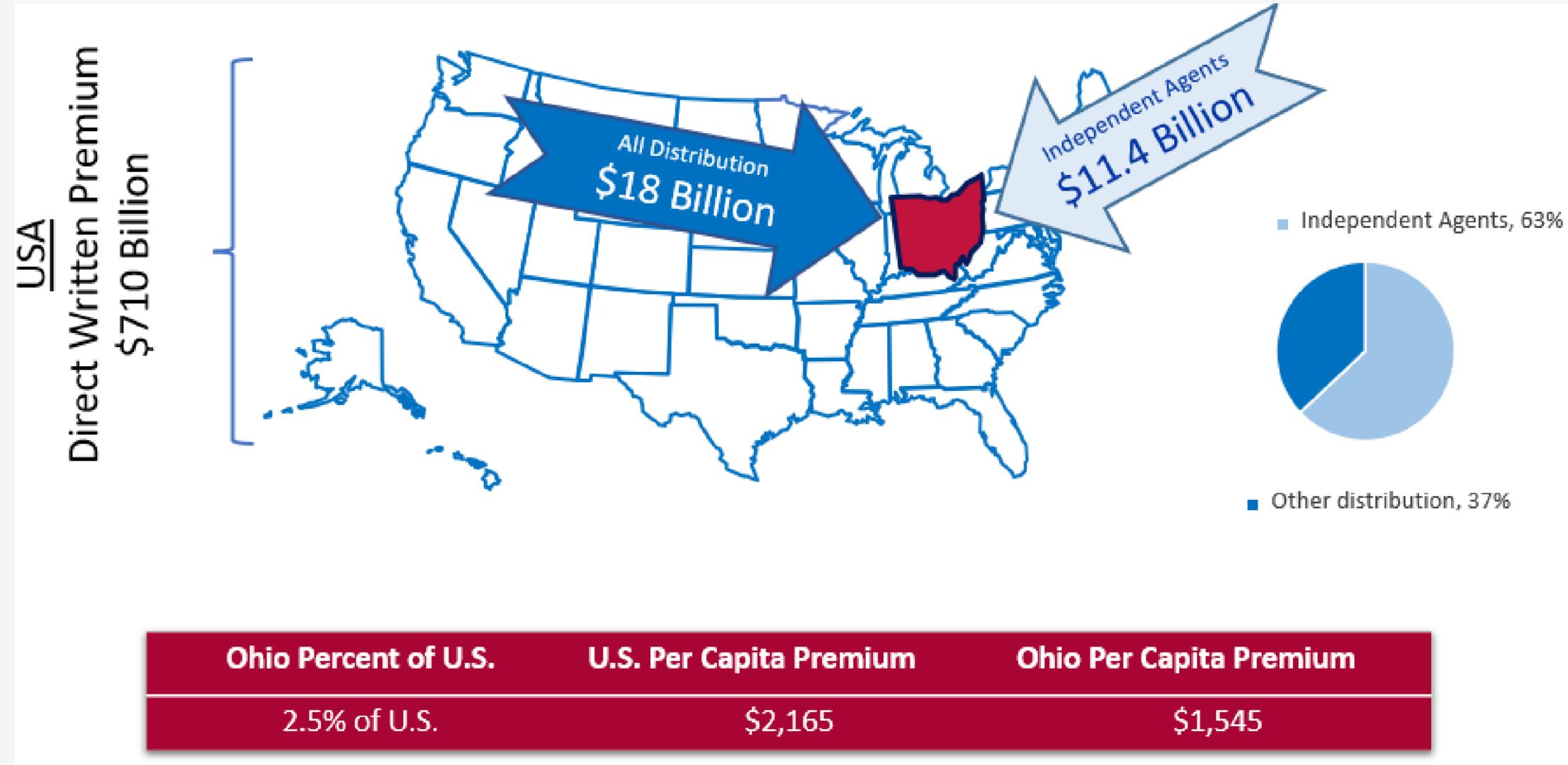
Ohio Market Share

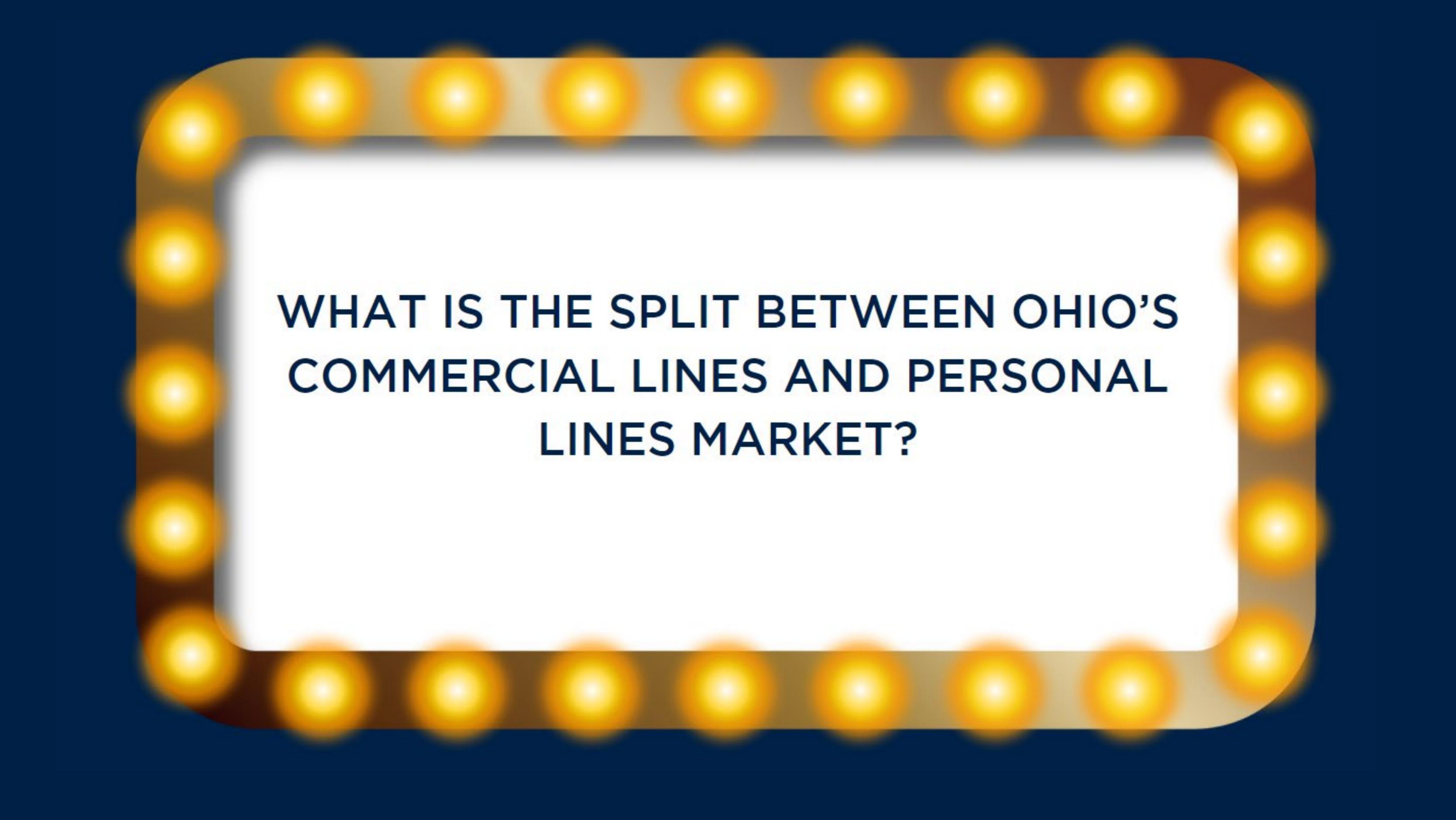


**IN TOTAL DIRECT WRITTEN PREMIUM,
WHAT IS THE TOTAL PROPERTY AND
CASUALTY MARKETPLACE?**

Data Says...

According to AM Best data, Ohio's total P&C insurance marketplace is \$18 Billion. It is the 7th largest insurance marketplace in the US.

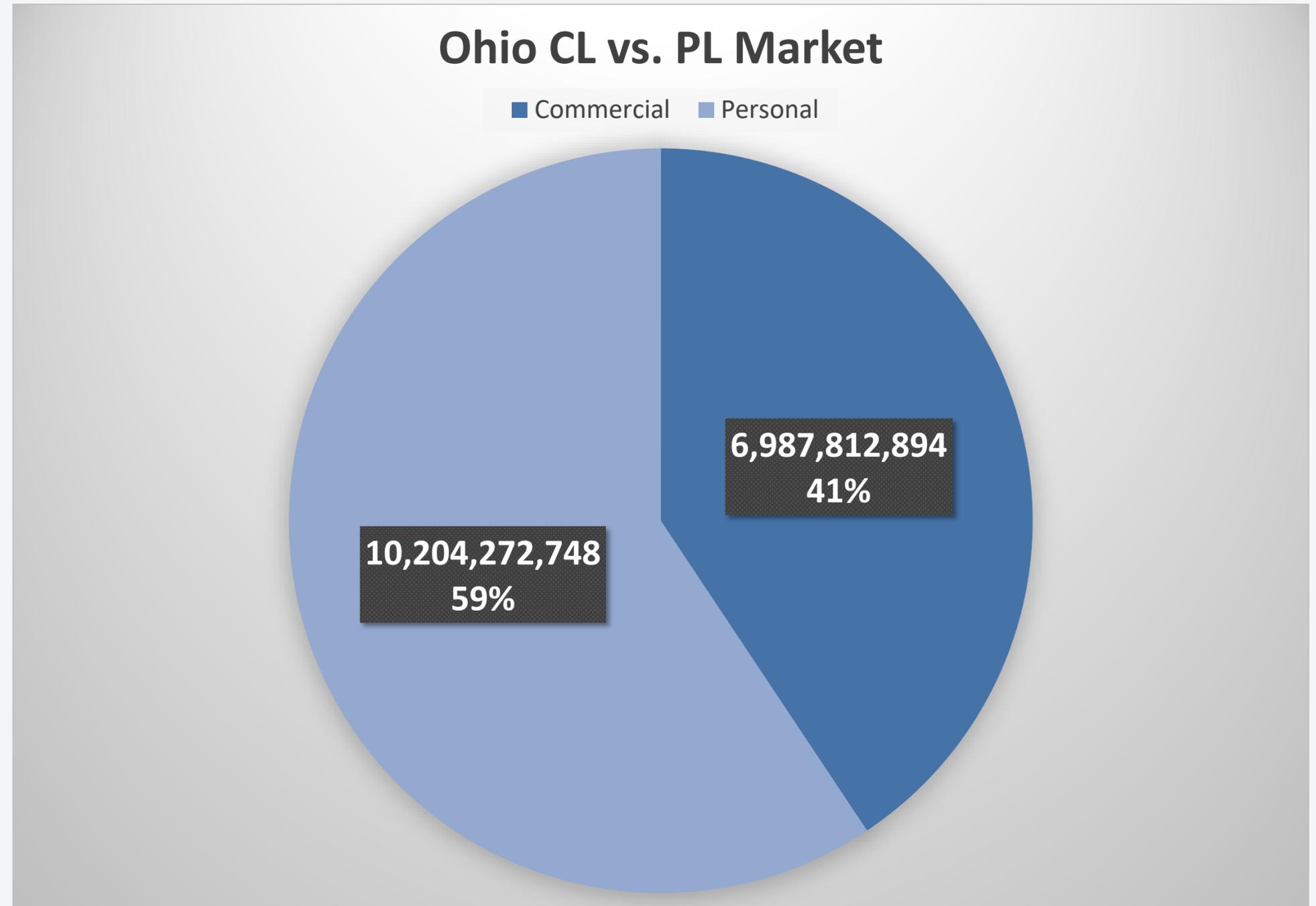




**WHAT IS THE SPLIT BETWEEN OHIO'S
COMMERCIAL LINES AND PERSONAL
LINES MARKET?**

Data Says...

According to ODI data, Ohio's PL market is 59% and CL is 41% of Ohio's \$18B P&C market.



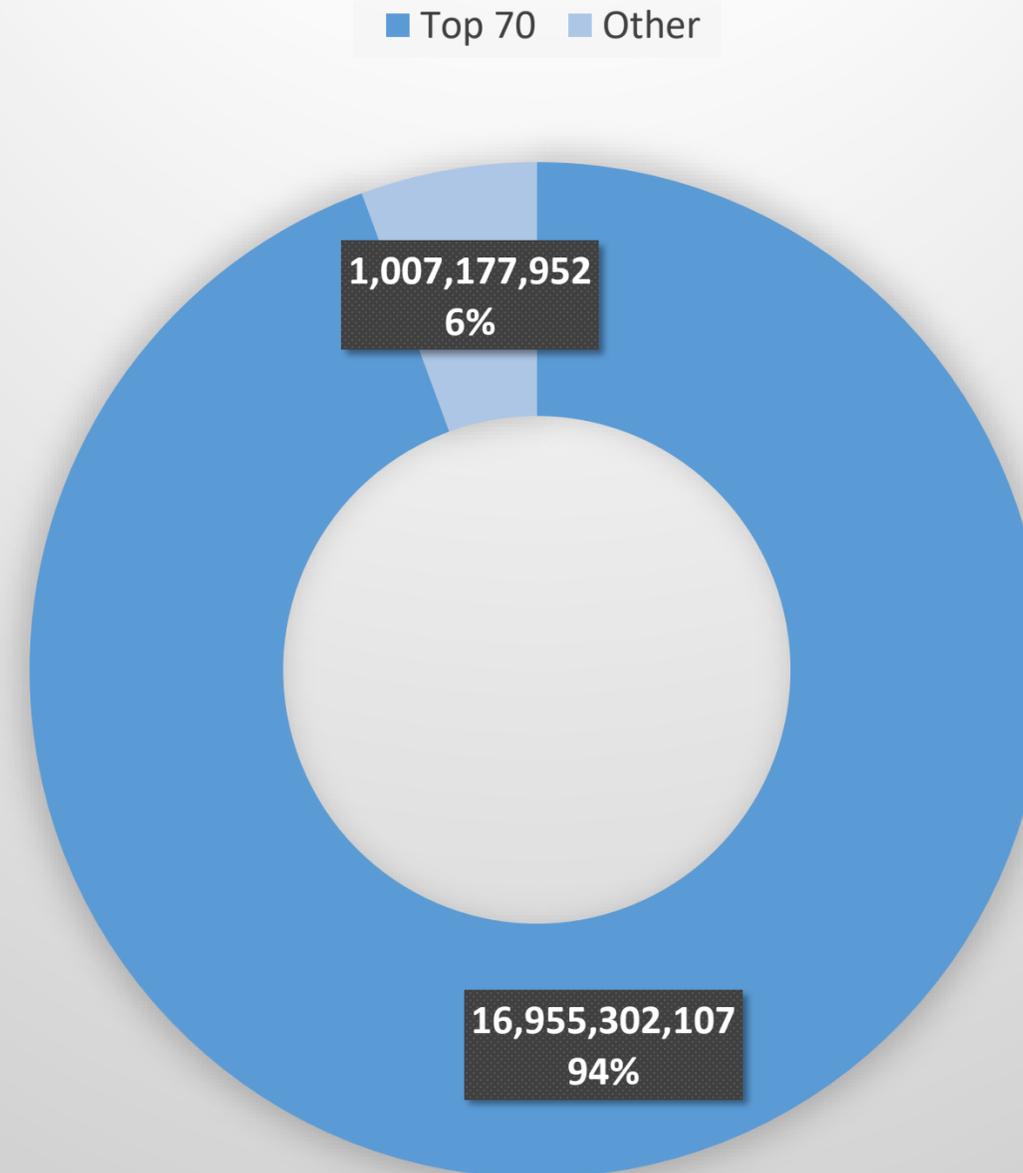


**WHAT PERCENTAGE OF OHIO'S P&C
MARKET SHARE DO THE TOP 70
INSURANCE COMPANIES WRITE?**

Data Says...

According to ODI data, the Top 70 insurance companies write 94.4% of the total insurance premium and the remaining companies write 5.6% of the market.

Ohio Top 70 Market Share



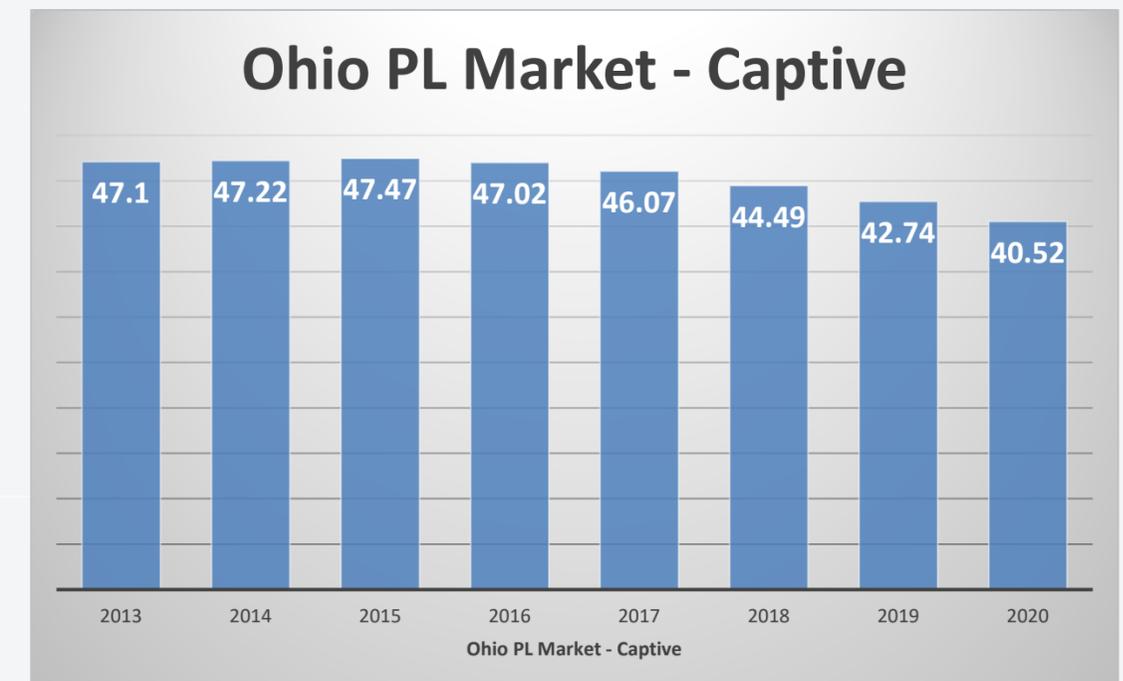
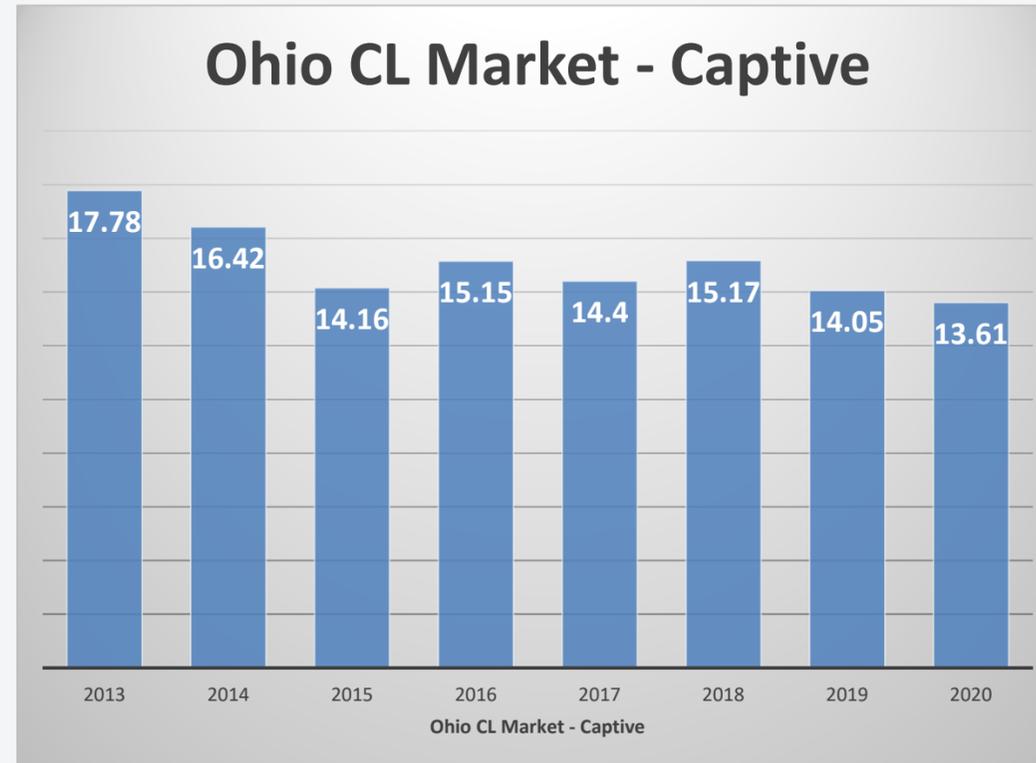


**WHAT PERCENTAGE OF OHIO'S P&C
MARKET SHARE DO CAPTIVE
COMPANIES AND AGENTS WRITE?**



Data Says...

According to AM Best data, Captives write 13.61% of the CL market and 40.52% of the PL market. Both have been declining on and off over the past 8 years.





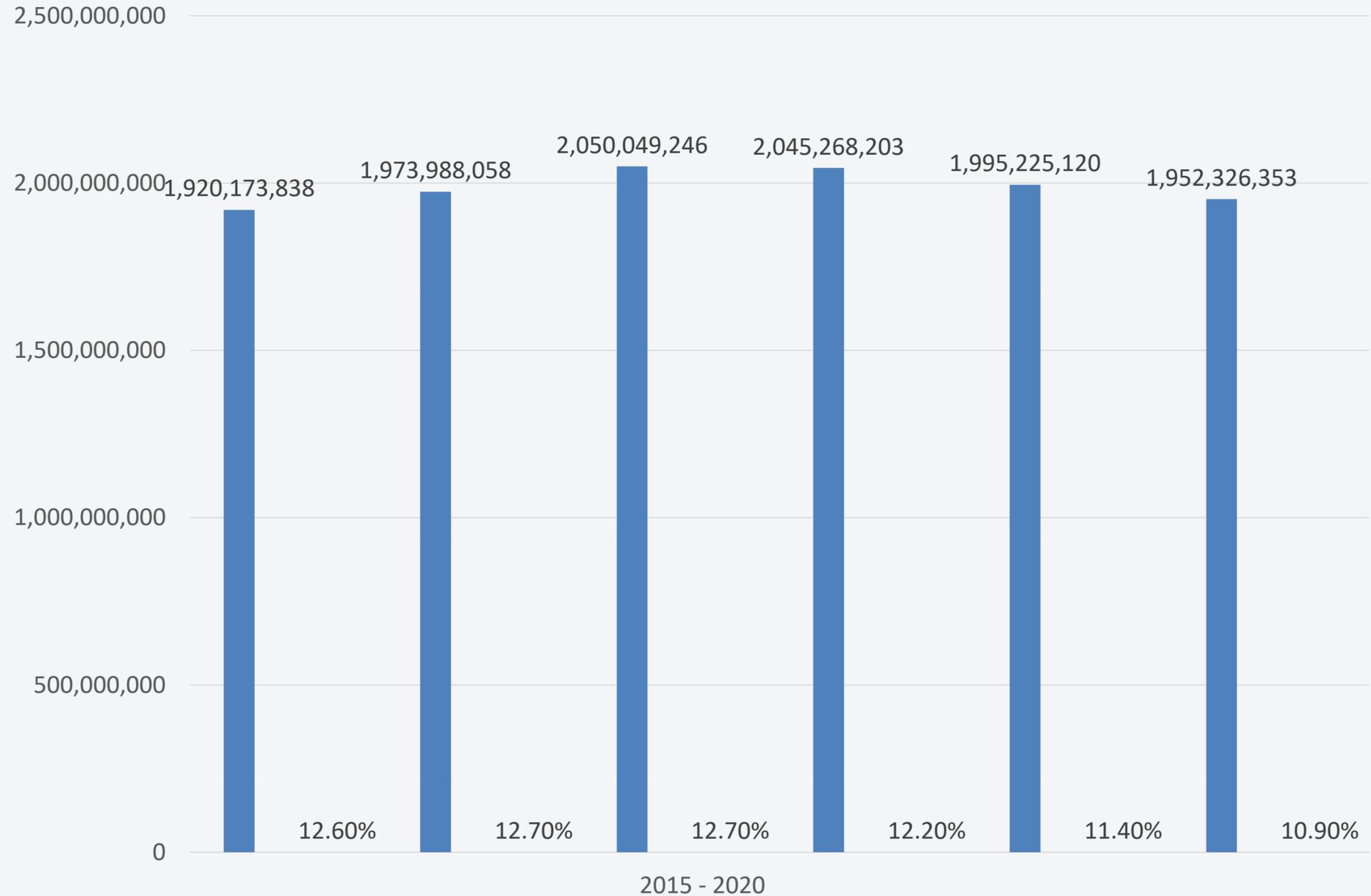
**WHAT INSURANCE COMPANY IS THE
LARGEST IN OHIO?**

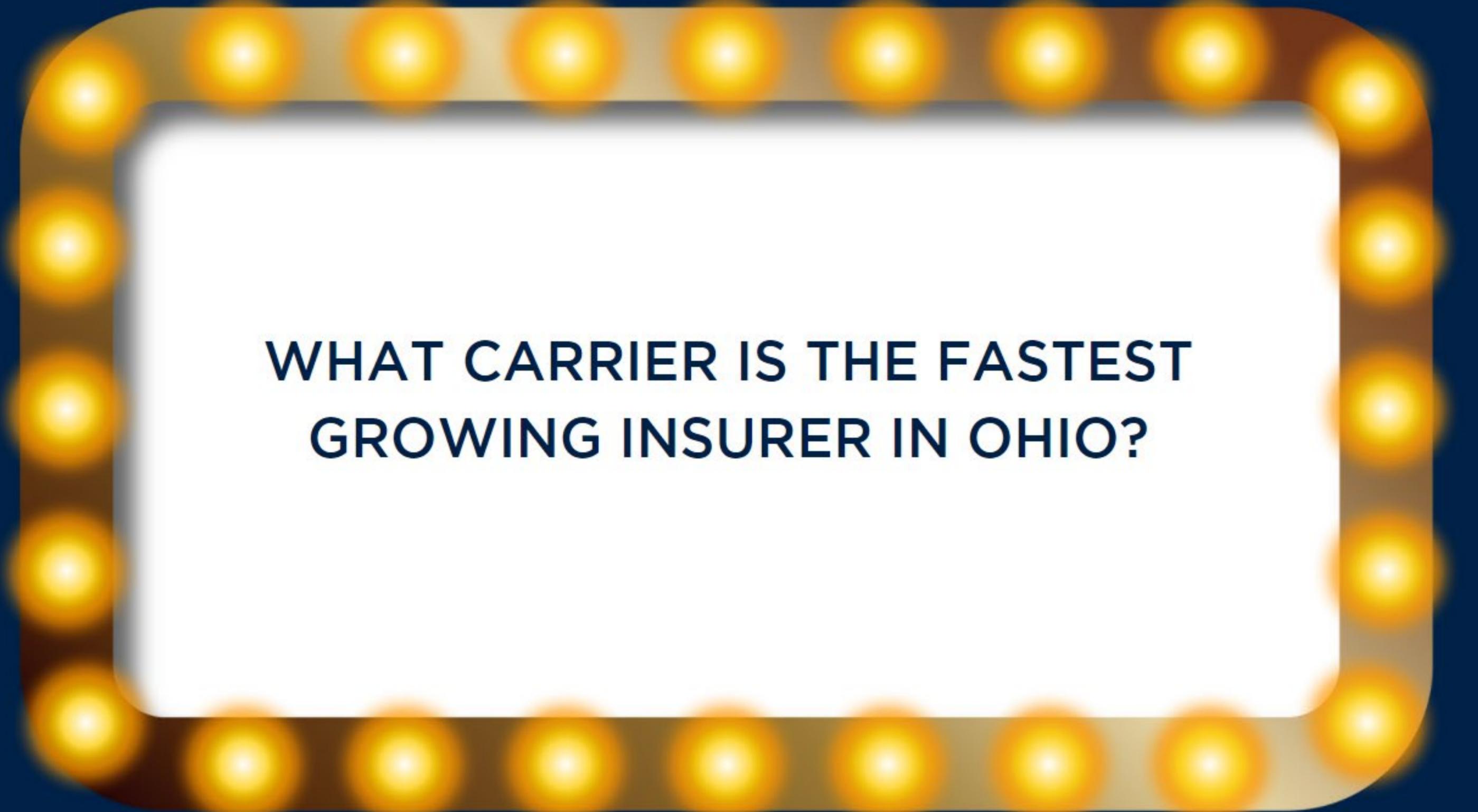


Data Says...

According to ODI data, State Farm is the largest Company in Ohio. It currently writes 10.9% of the Ohio market, down from a high of 12.7%. In the past 4 years, State Farm has lost approximately \$100M in WP.

State Farm Market Share Report



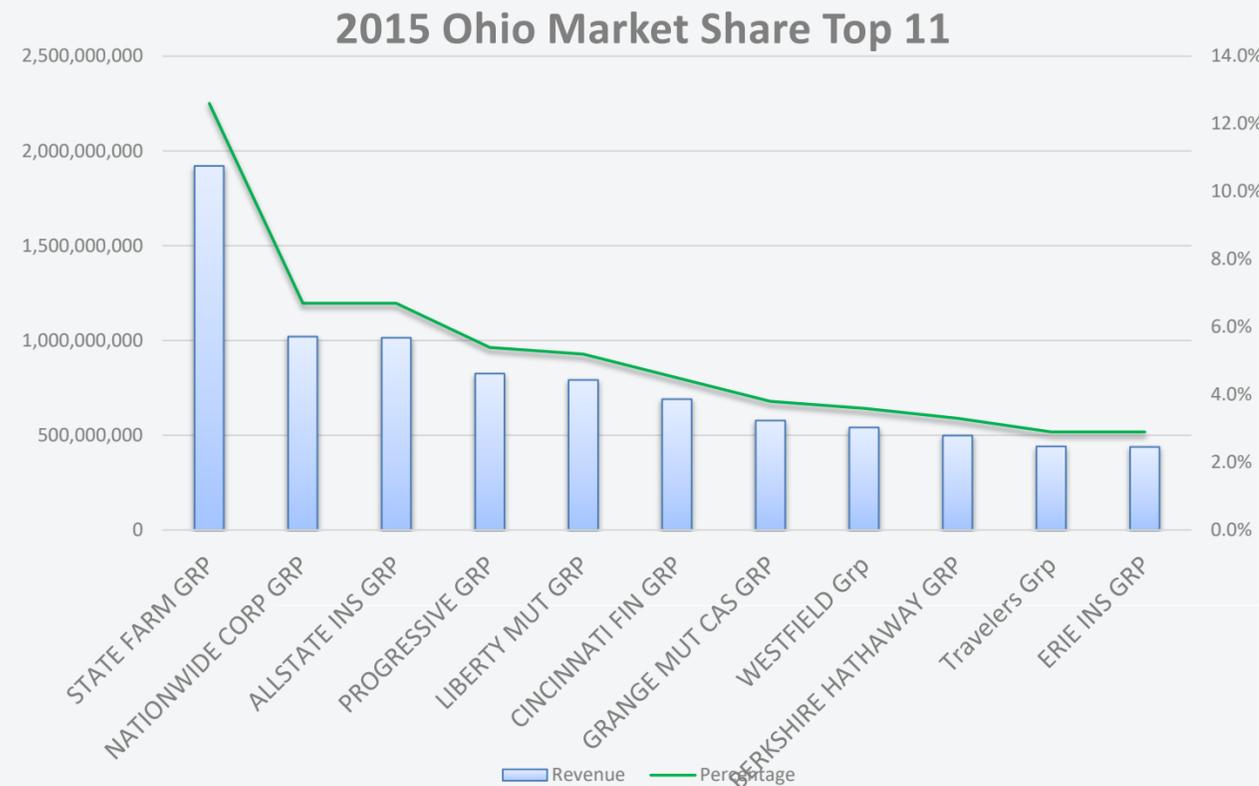
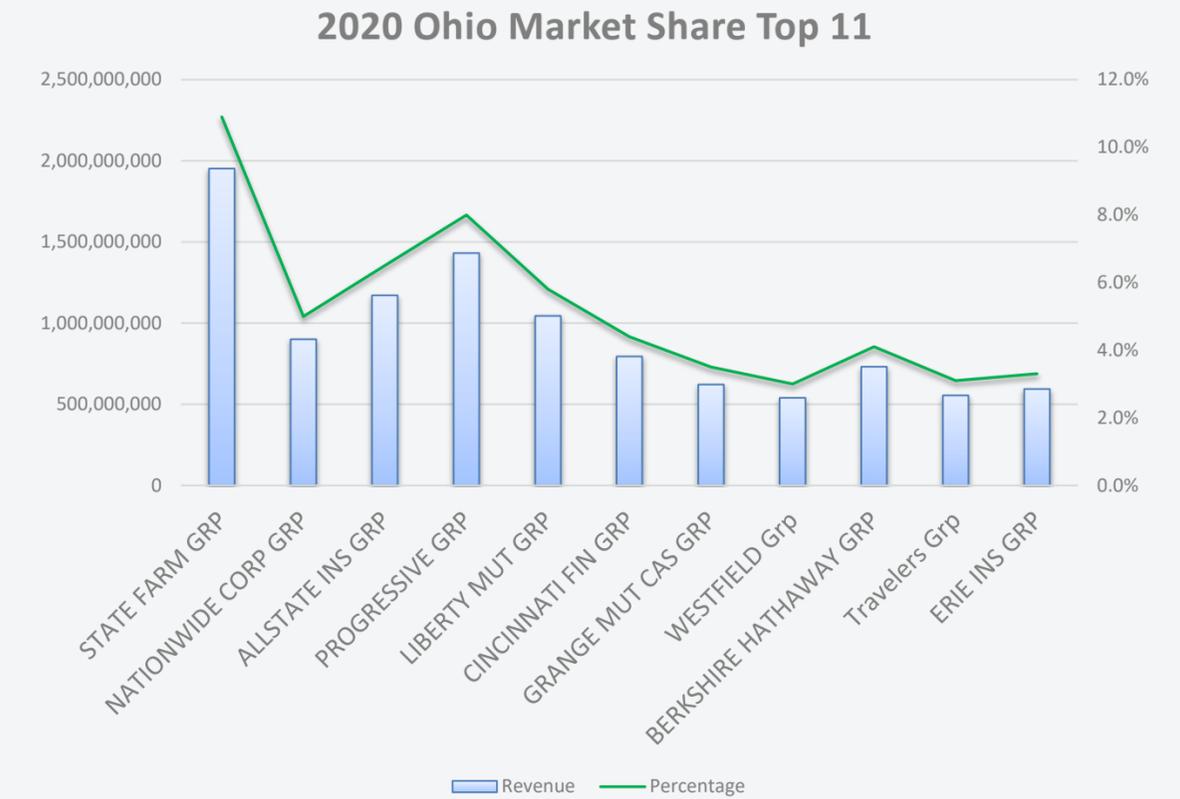


**WHAT CARRIER IS THE FASTEST
GROWING INSURER IN OHIO?**



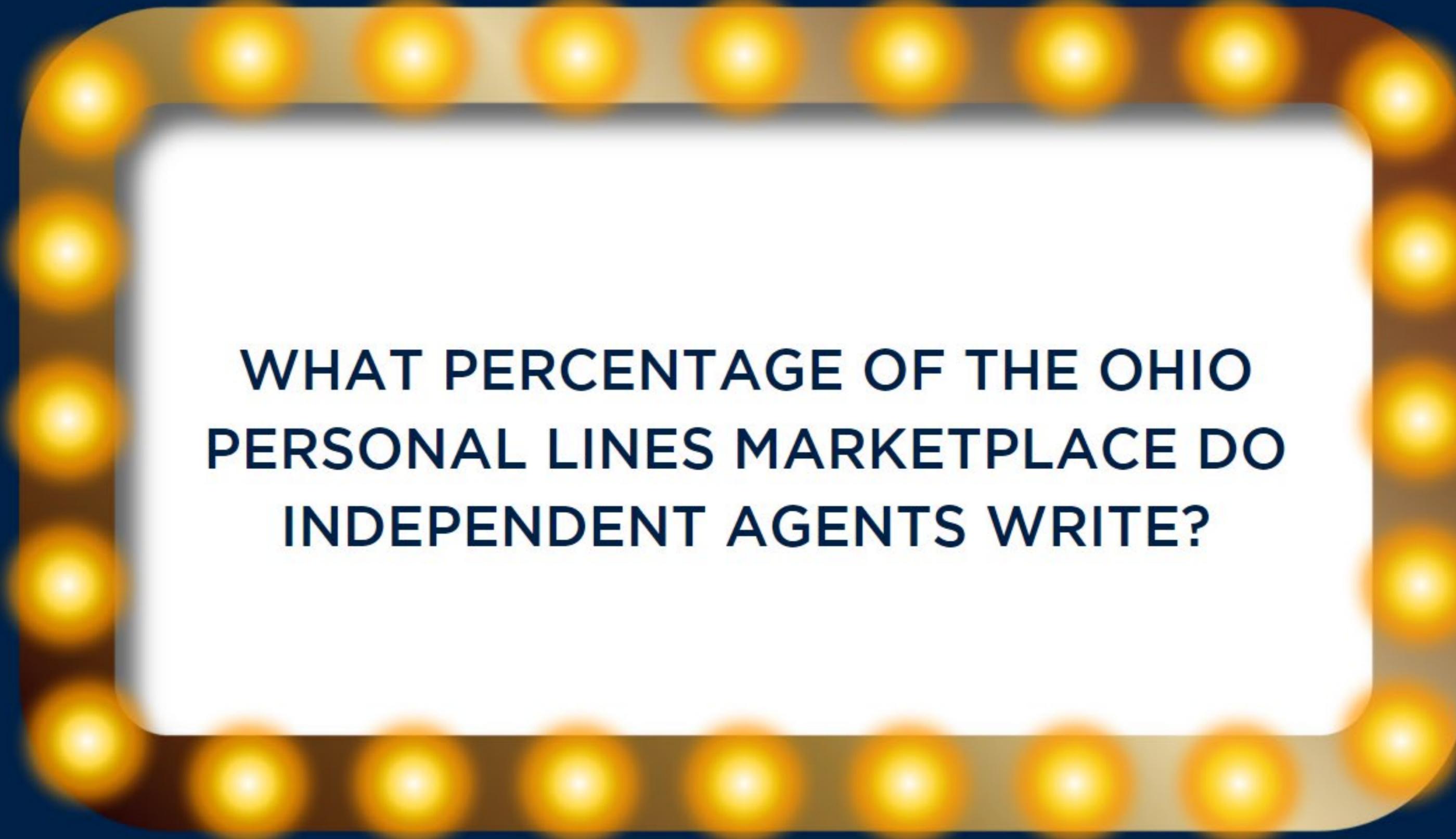
Data Says...

According to ODI data, Progressive is the fastest growing P&C carrier over the past 6 years.





Ohio Personal Lines Market Share



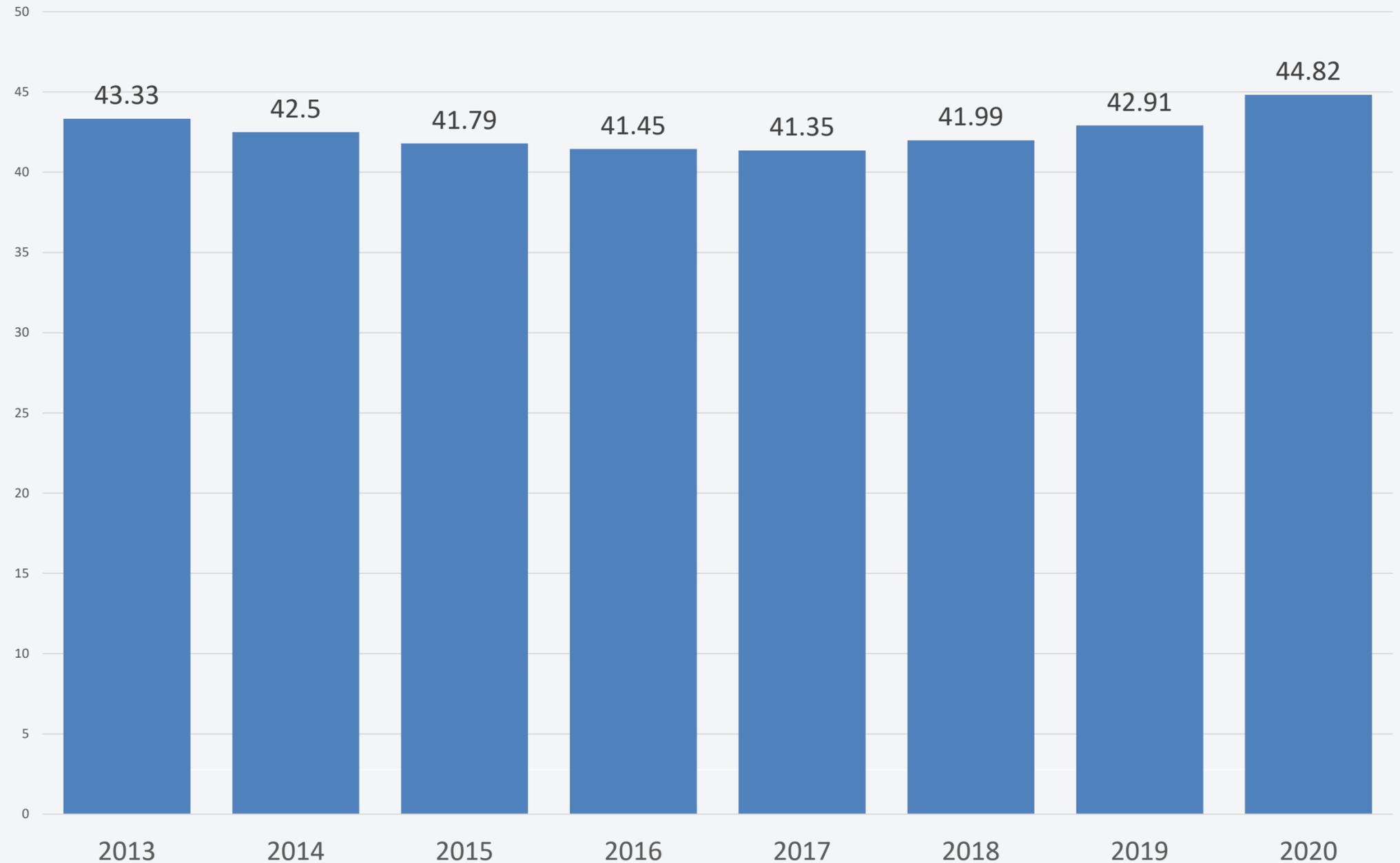
**WHAT PERCENTAGE OF THE OHIO
PERSONAL LINES MARKETPLACE DO
INDEPENDENT AGENTS WRITE?**

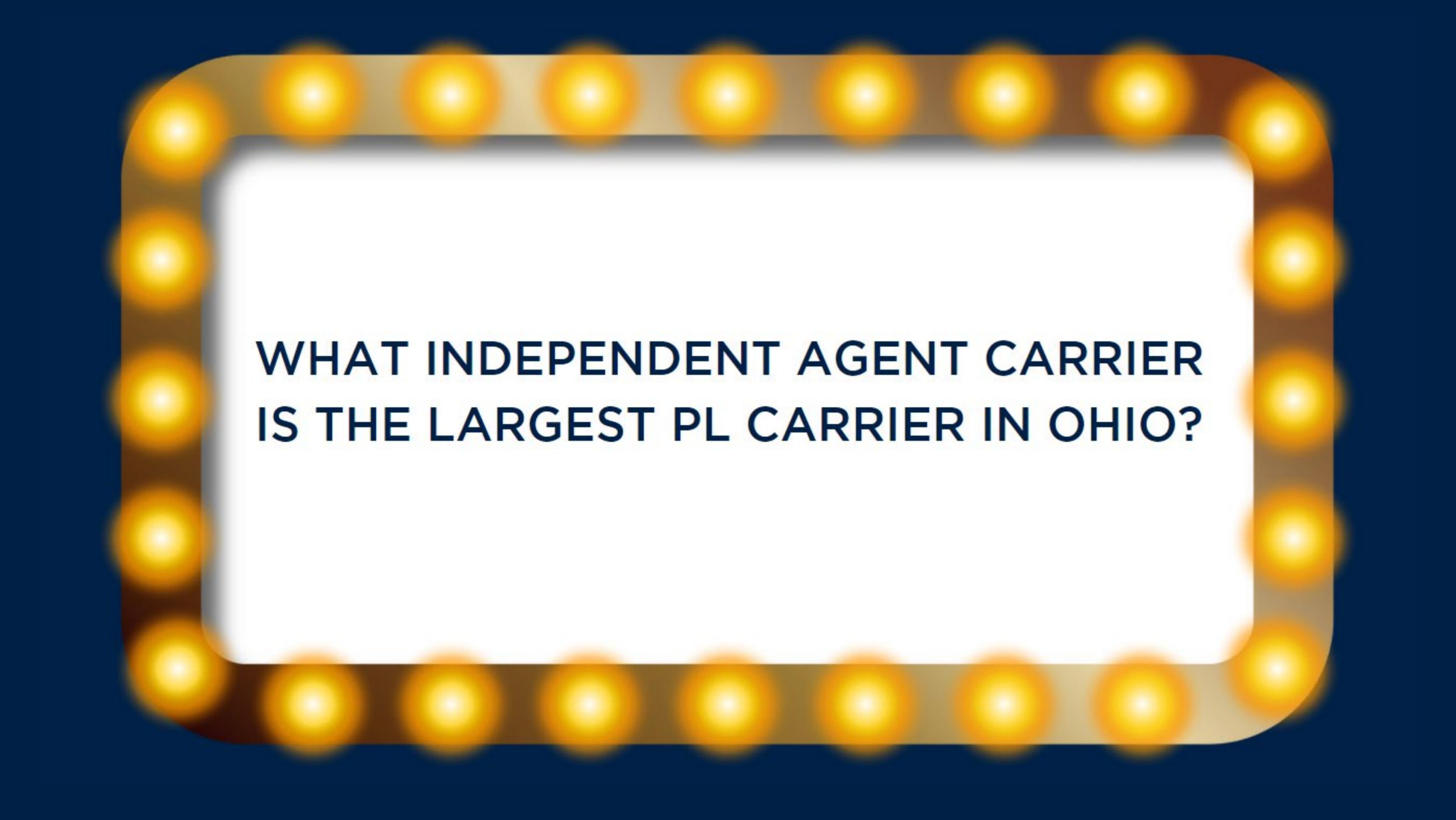


Data Says...

According to AM Best data, Ohio Independent Agents write 44.82% of the Personal Lines coverage in the state. In the past 8 years, IAs have gained 1.5%.

Ohio PL Market - Independent Agents



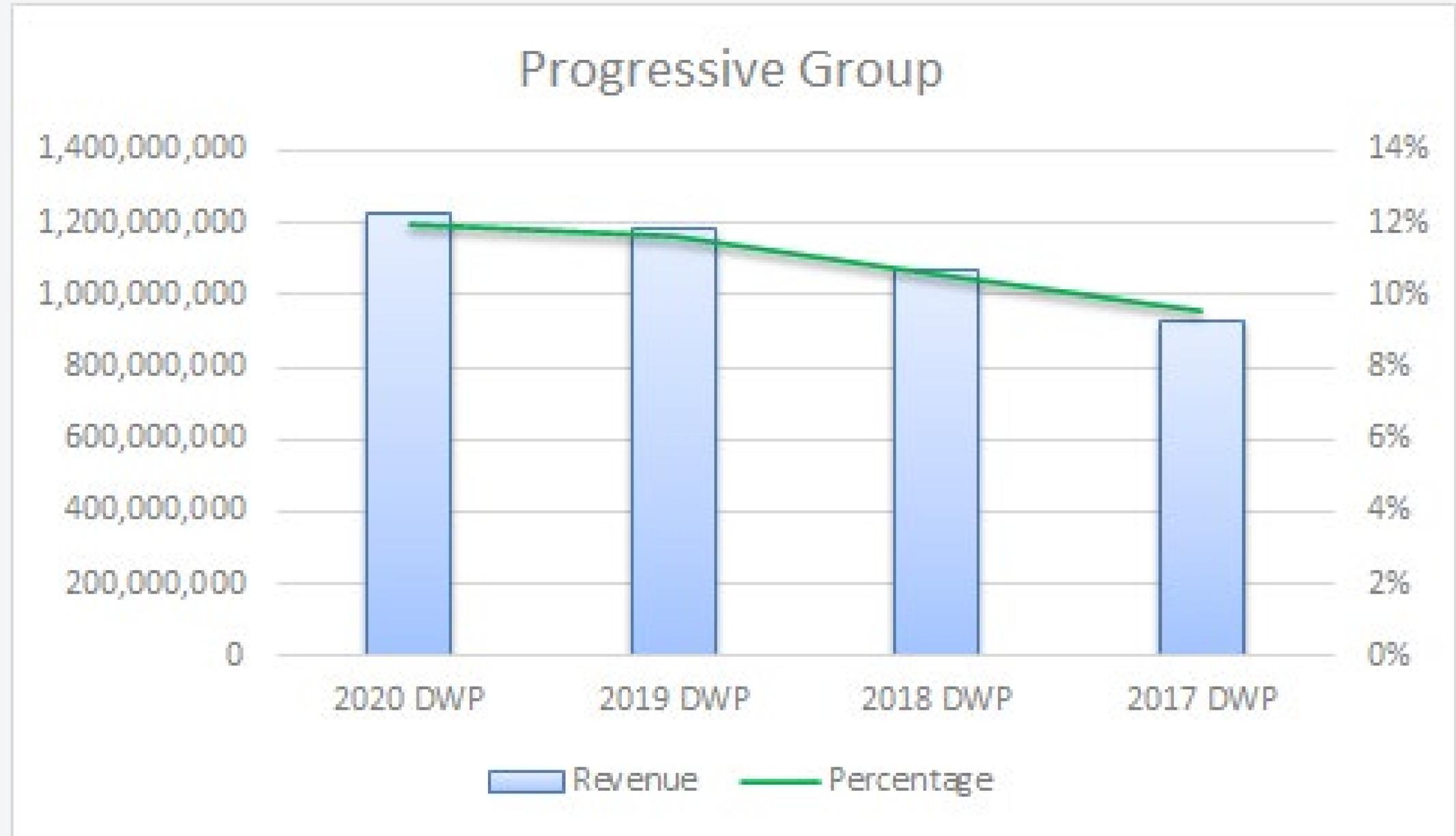


**WHAT INDEPENDENT AGENT CARRIER
IS THE LARGEST PL CARRIER IN OHIO?**



Data Says...

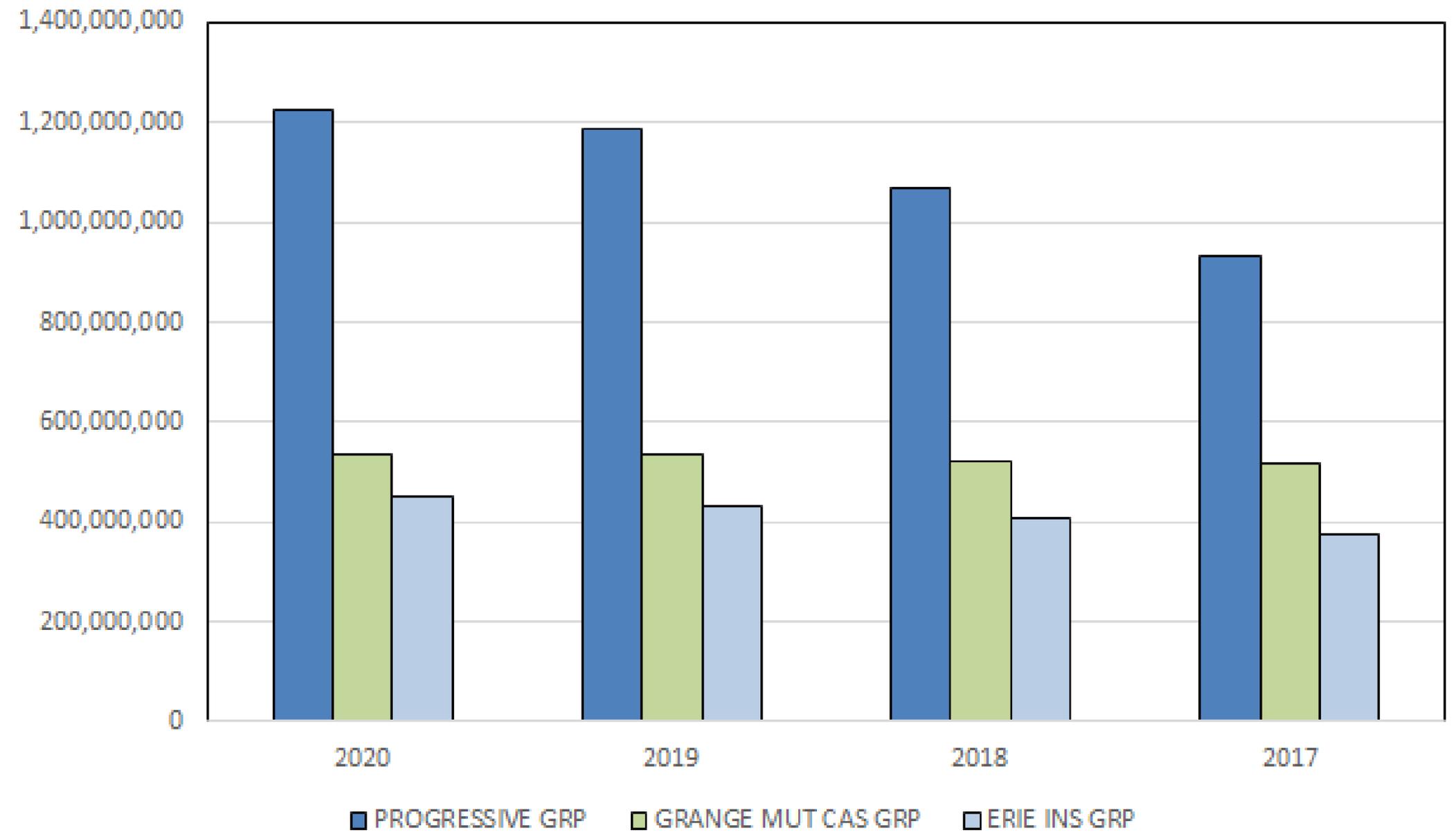
According to AM Best/ODI data, Progressive is the largest PL carrier in Ohio. In the past 4 years it has grown PL PV by \$300M but its market share has grown by 3%. This is primarily comprised of their PL.

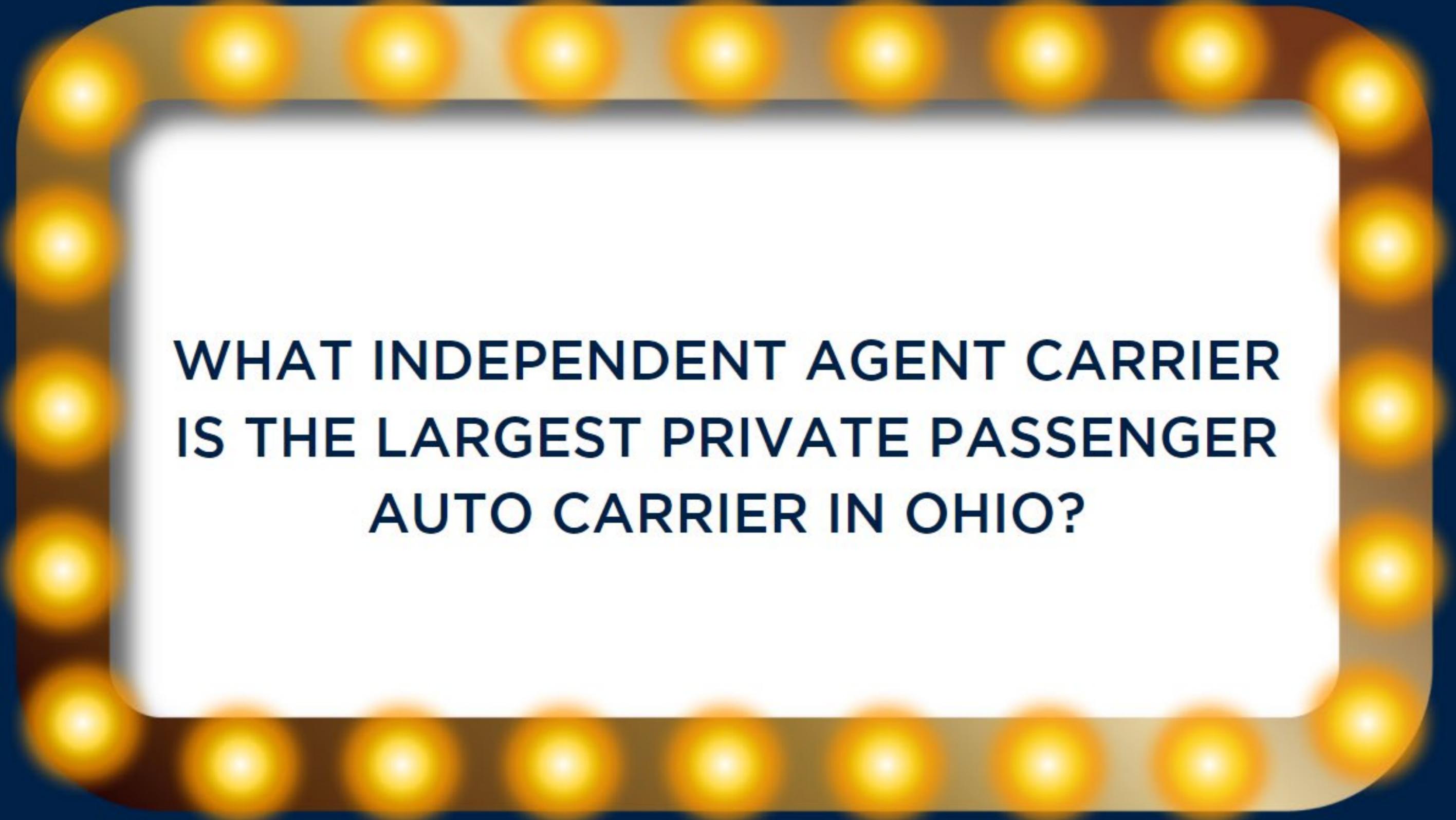


Data Says...

According to AM Best/ODI data, Grange and Erie are the second and third largest IA PL carriers in Ohio. Both have held steady in their market share with Erie growing more in comparison.

Top Three IA Personal Lines Companies



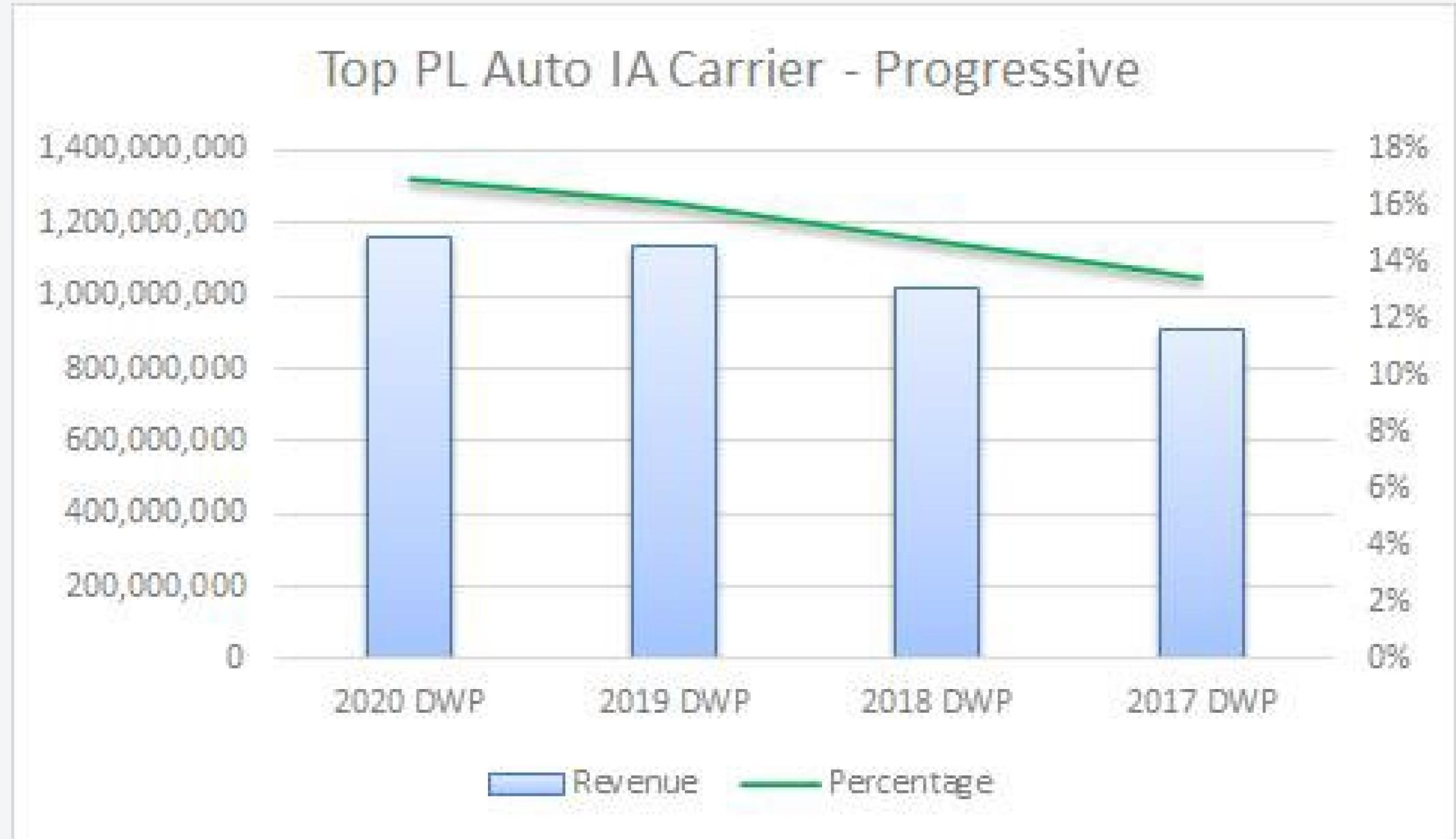


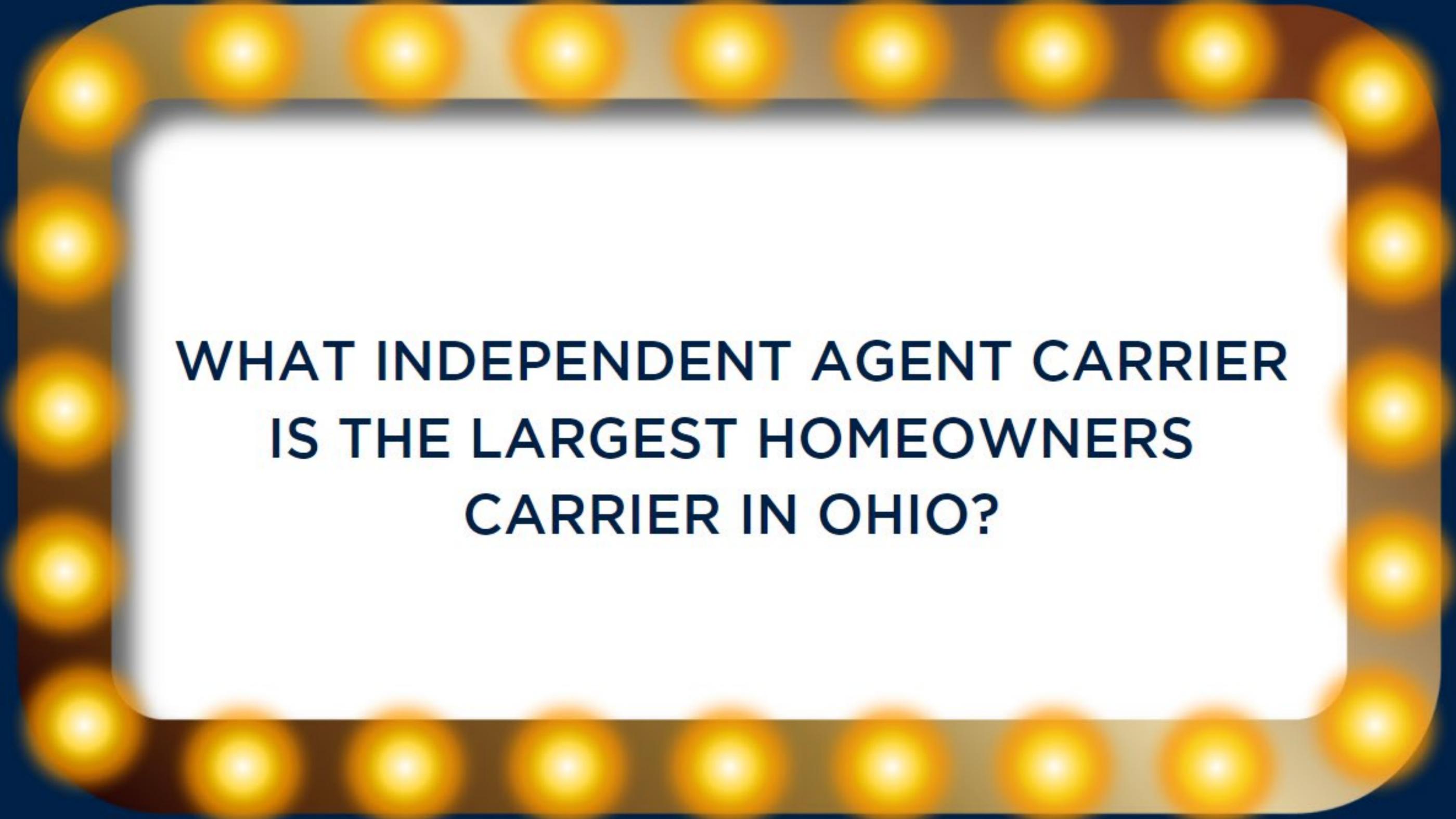
**WHAT INDEPENDENT AGENT CARRIER
IS THE LARGEST PRIVATE PASSENGER
AUTO CARRIER IN OHIO?**



Data Says...

According to AM Best/ODI data, Progressive is the largest Private Passenger Auto carrier in Ohio with almost 16% market share and \$1.2B in PV.



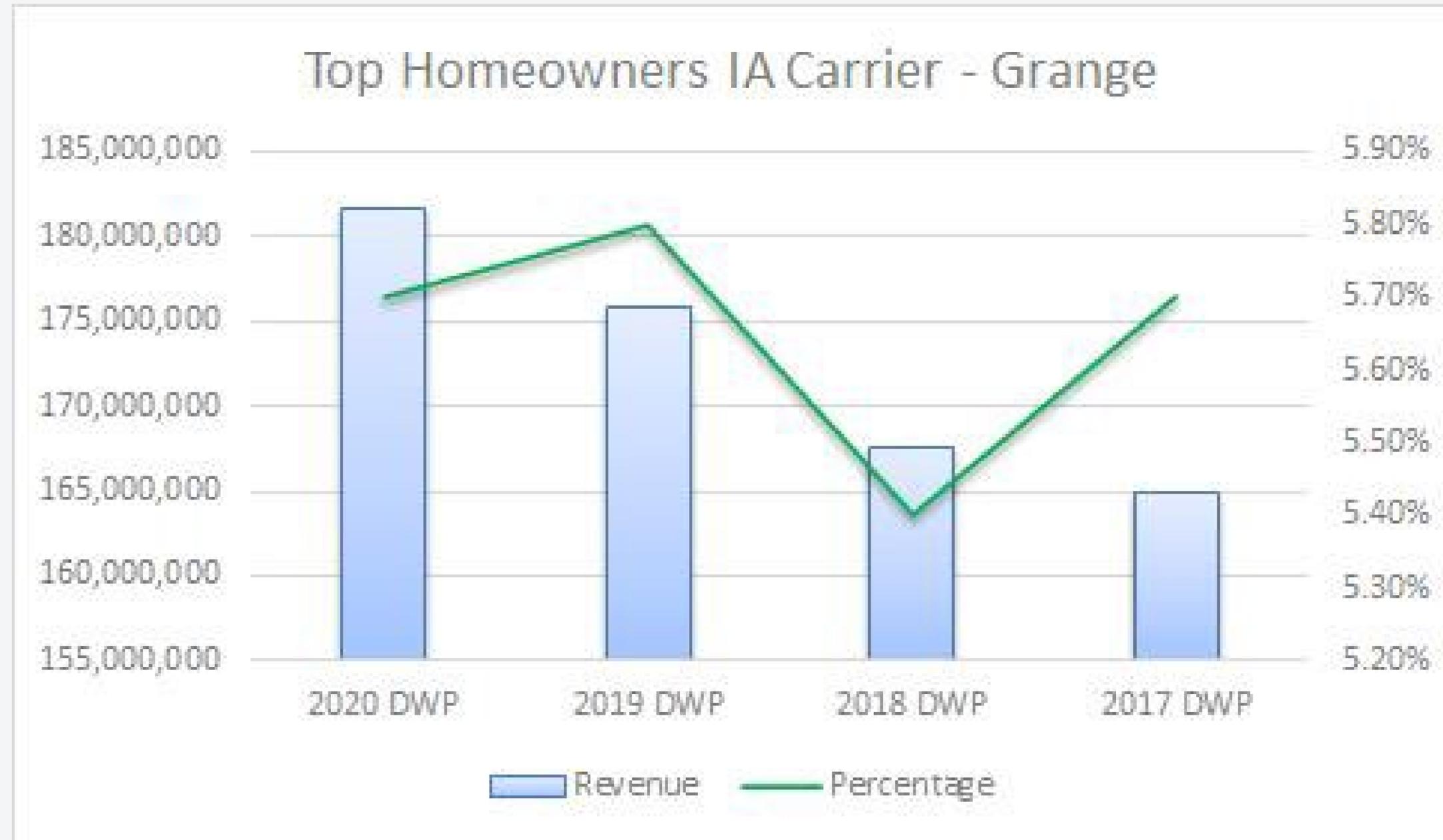


**WHAT INDEPENDENT AGENT CARRIER
IS THE LARGEST HOMEOWNERS
CARRIER IN OHIO?**



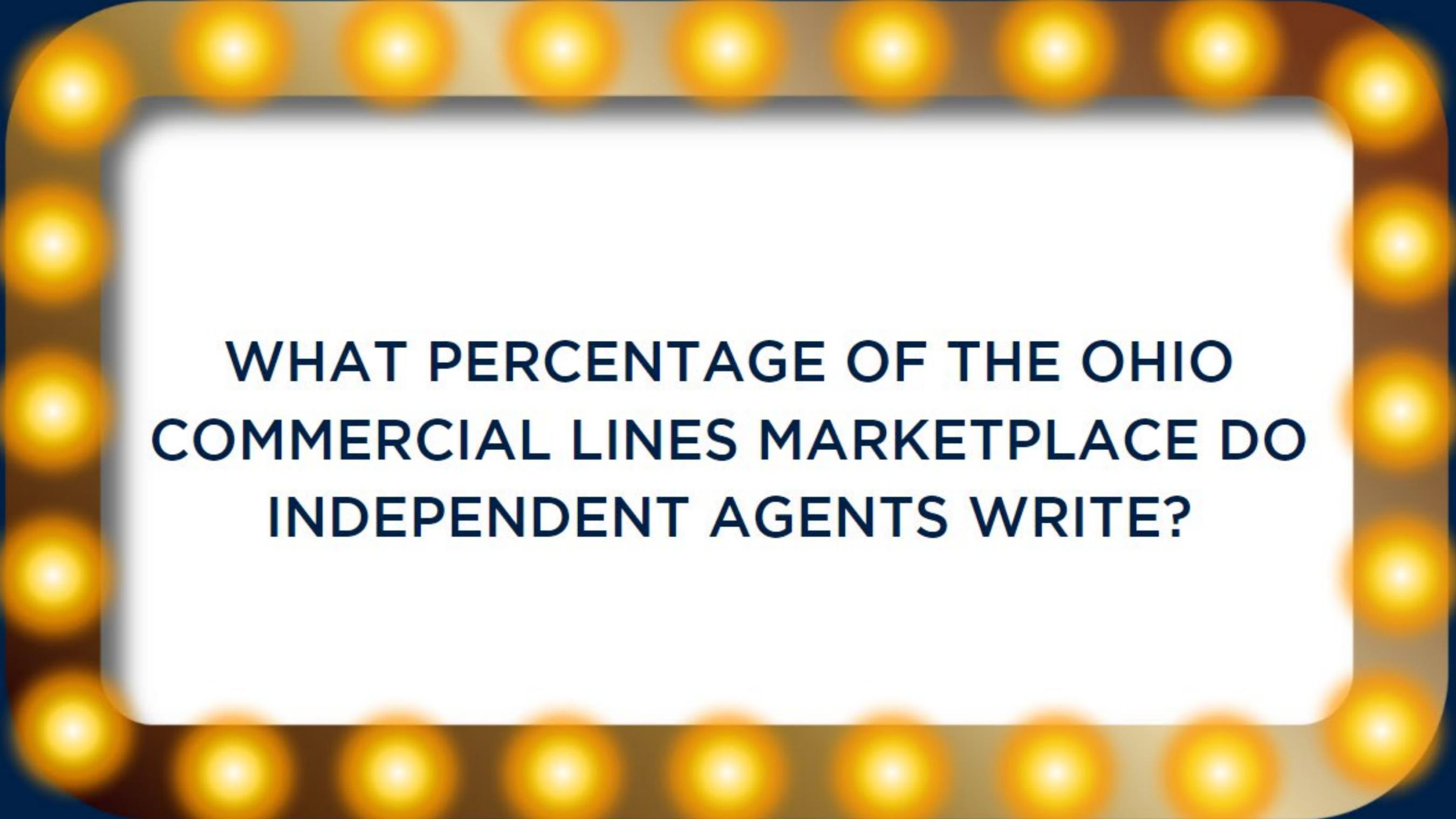
Data Says...

According to AM Best/ODI data, Grange is the largest IA carrier in Ohio with 5.7% market share and over \$180M in PV.





Ohio Commercial Lines Market Share



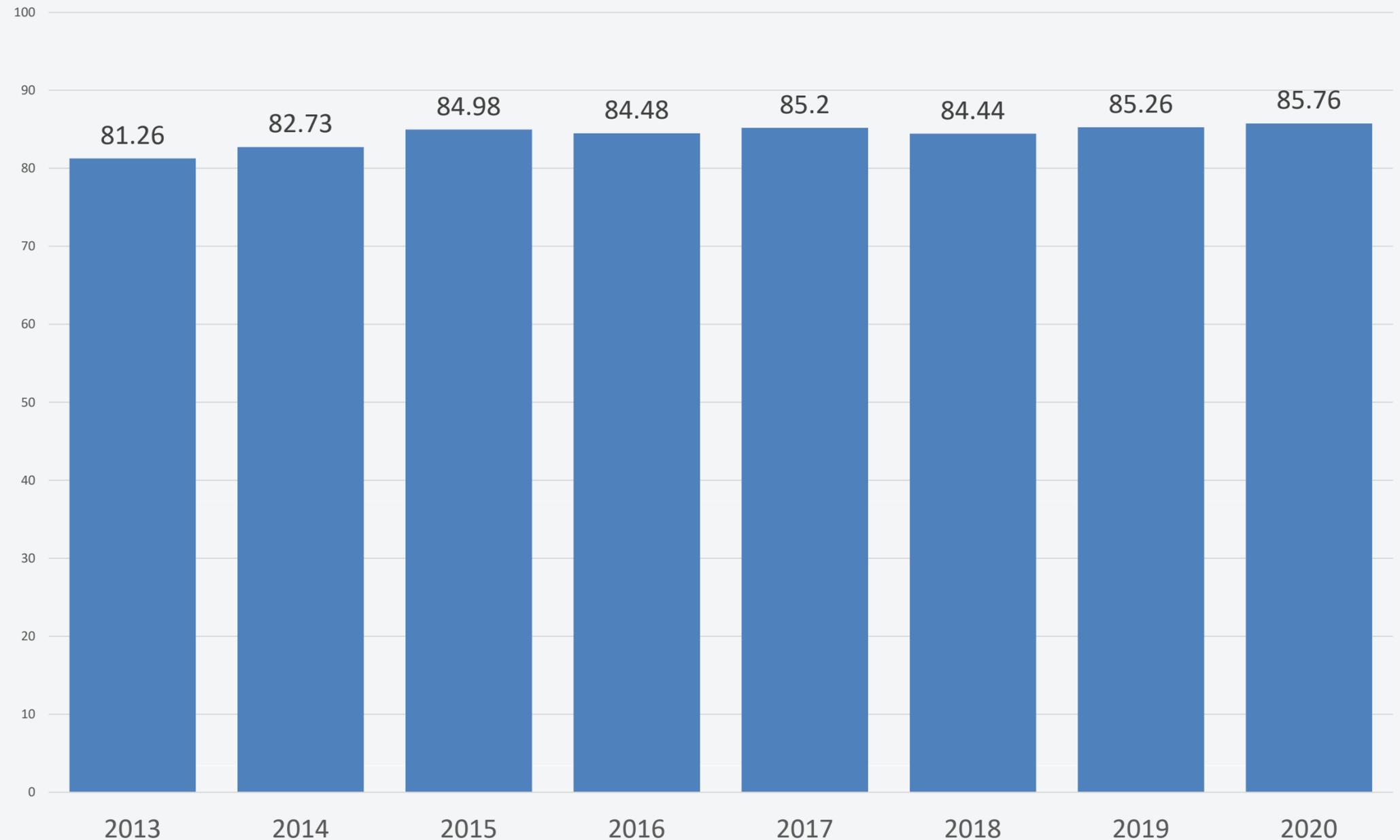
**WHAT PERCENTAGE OF THE OHIO
COMMERCIAL LINES MARKETPLACE DO
INDEPENDENT AGENTS WRITE?**



Data Says...

According to AM Best data, Ohio Independent Agents write 85.76% of the commercial lines coverage in the state. In the past 8 years, IAs have gained 4.5% market share from captives and direct writers.

Ohio CL Market - Independent Agents



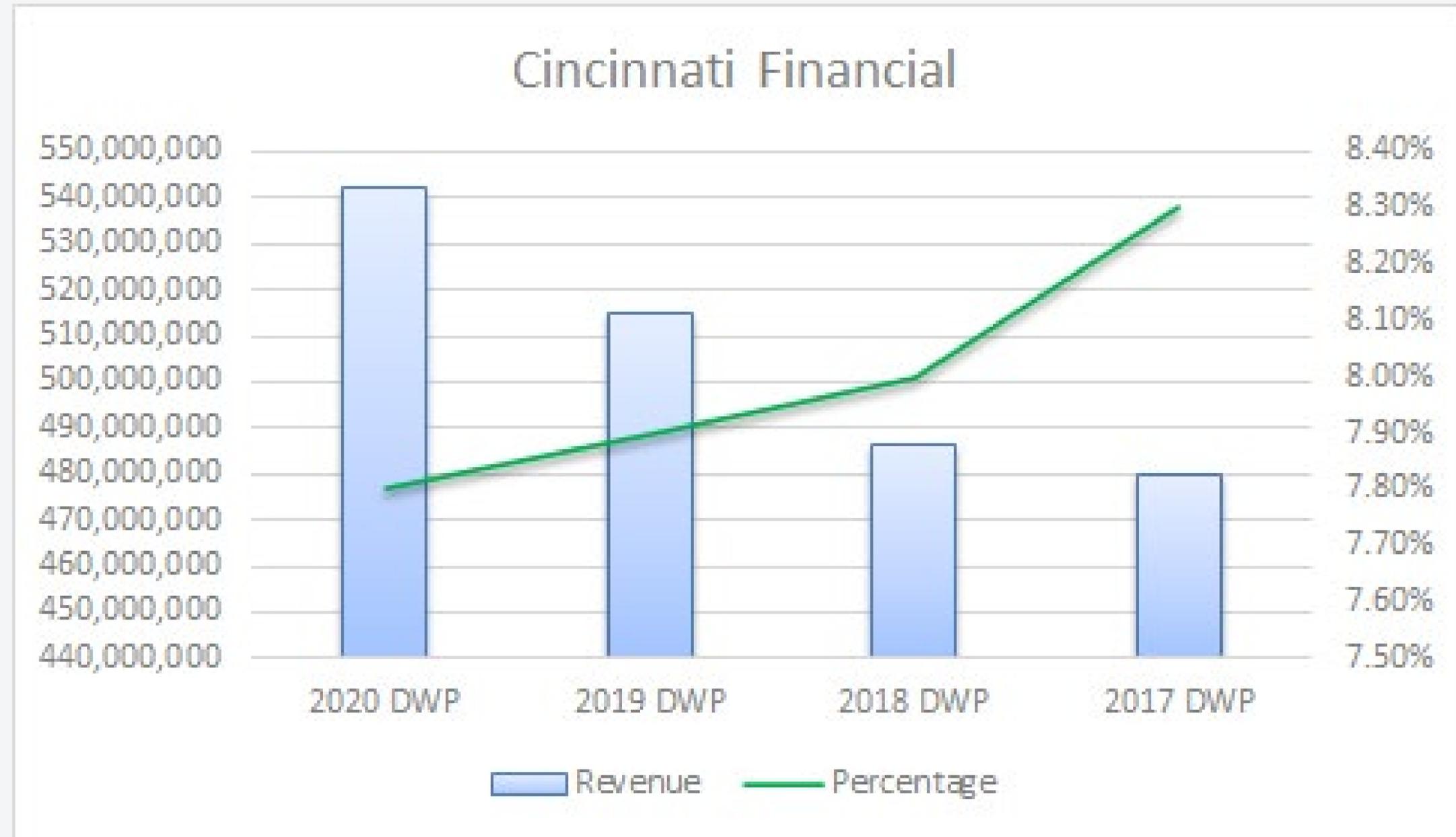


**WHAT INDEPENDENT AGENT CARRIER
IS THE LARGEST CL CARRIER IN OHIO?**



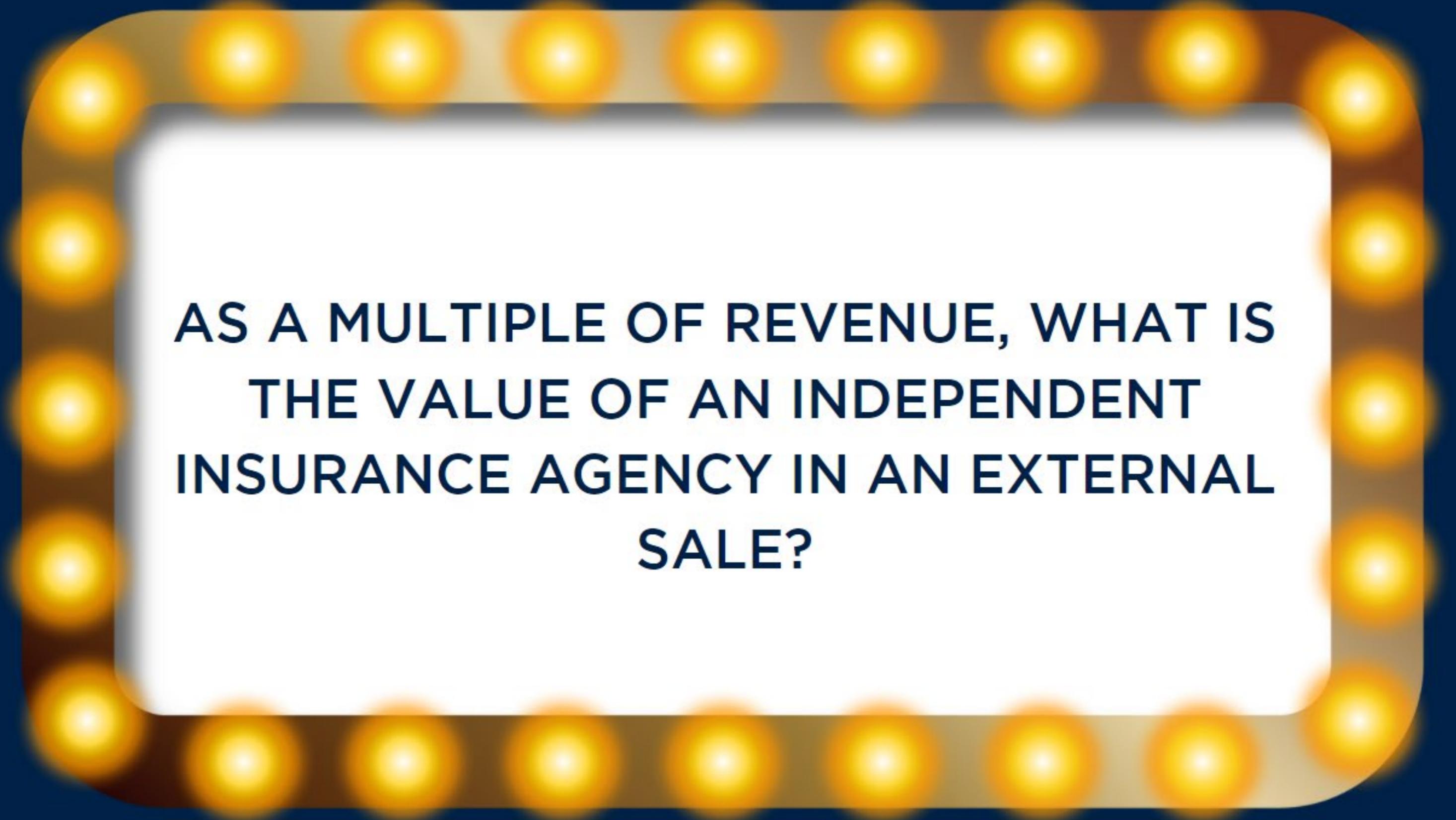
Data Says...

According to AM Best/ODI data, Cincinnati is the largest commercial carrier in Ohio. In the past 4 years, Cincinnati has grown CL over \$60M in premium but its market share percentage has decreased by .50%. Over this same time period, Progressive has grown by \$100M PV, added 1.9% market share and climbed 8 notches from #16 to #8.





Independent Agency Performance



**AS A MULTIPLE OF REVENUE, WHAT IS
THE VALUE OF AN INDEPENDENT
INSURANCE AGENCY IN AN EXTERNAL
SALE?**

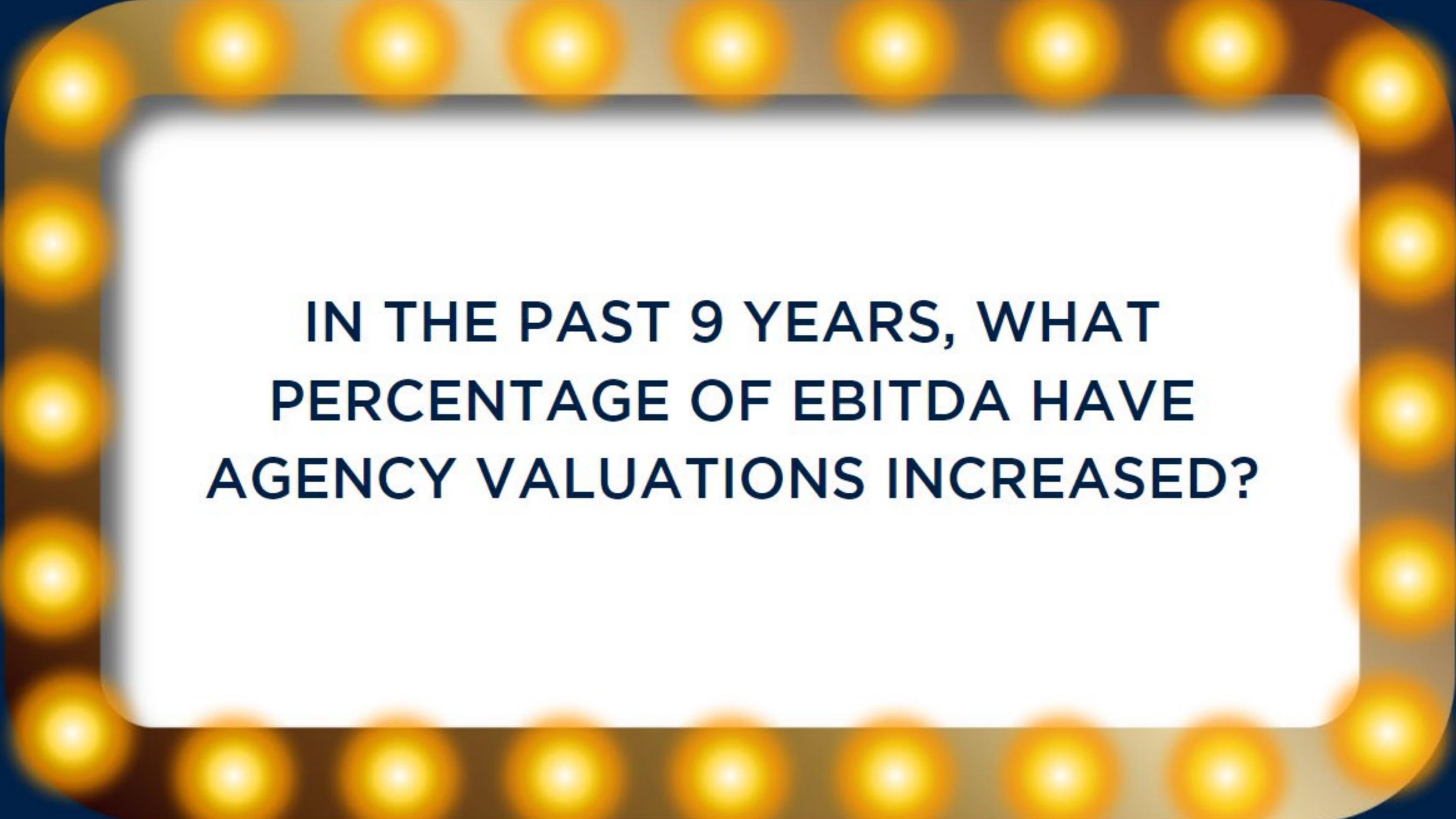
Data Says...

According to Big I National and Reagan Consulting Best Practices study, IA valuations have increased from 1.4x in 1993 to 2.5x in 2019 for an external sale. For an internal sale, agencies trade at a 1.6x multiple.

1993 – 2019: Are we there yet?

✓ Performance has improved tremendously

12%	Pro Forma Profit	27%
\$80,793	Revenue per Employee	\$179,303
1.0x	Typical INTERNAL Agency Valuation (multiple of revenue)	1.6x
1.4x	Typical EXTERNAL Agency Valuation (multiple of revenue)	2.5x

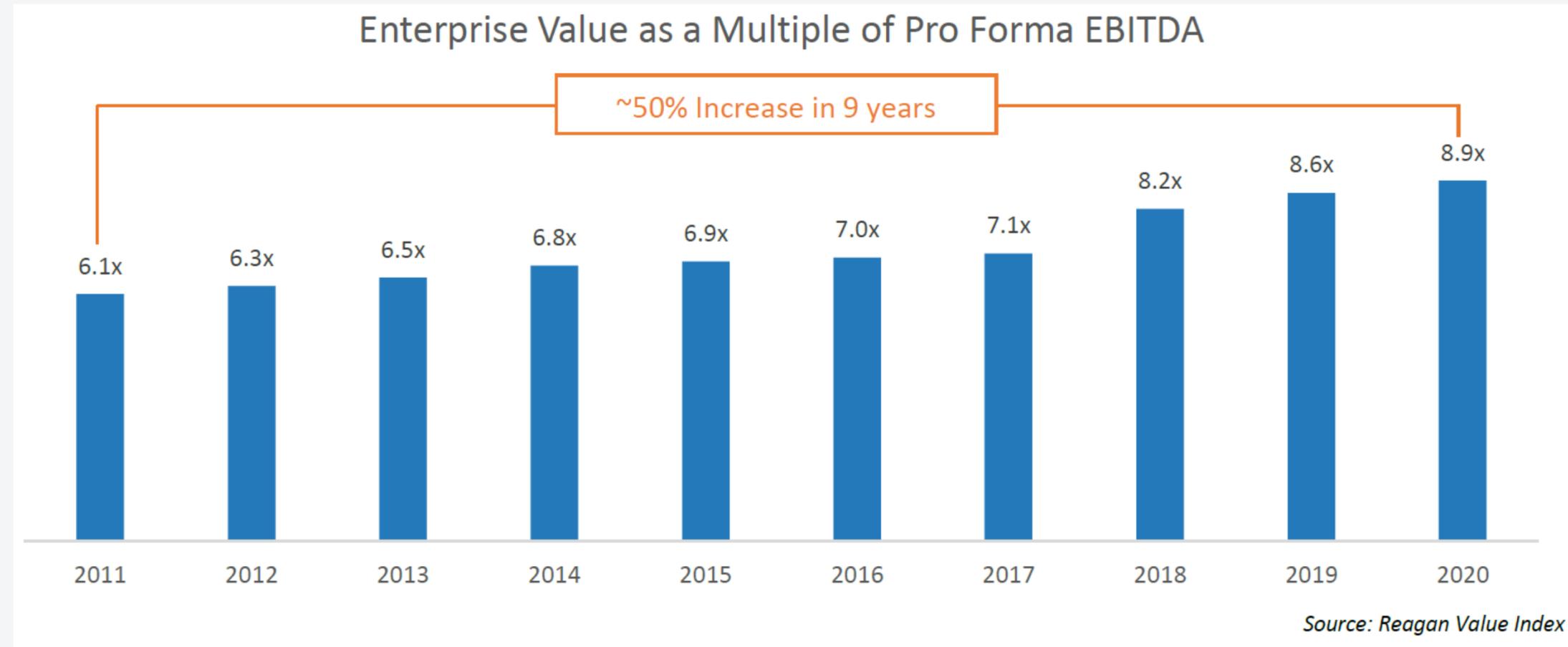


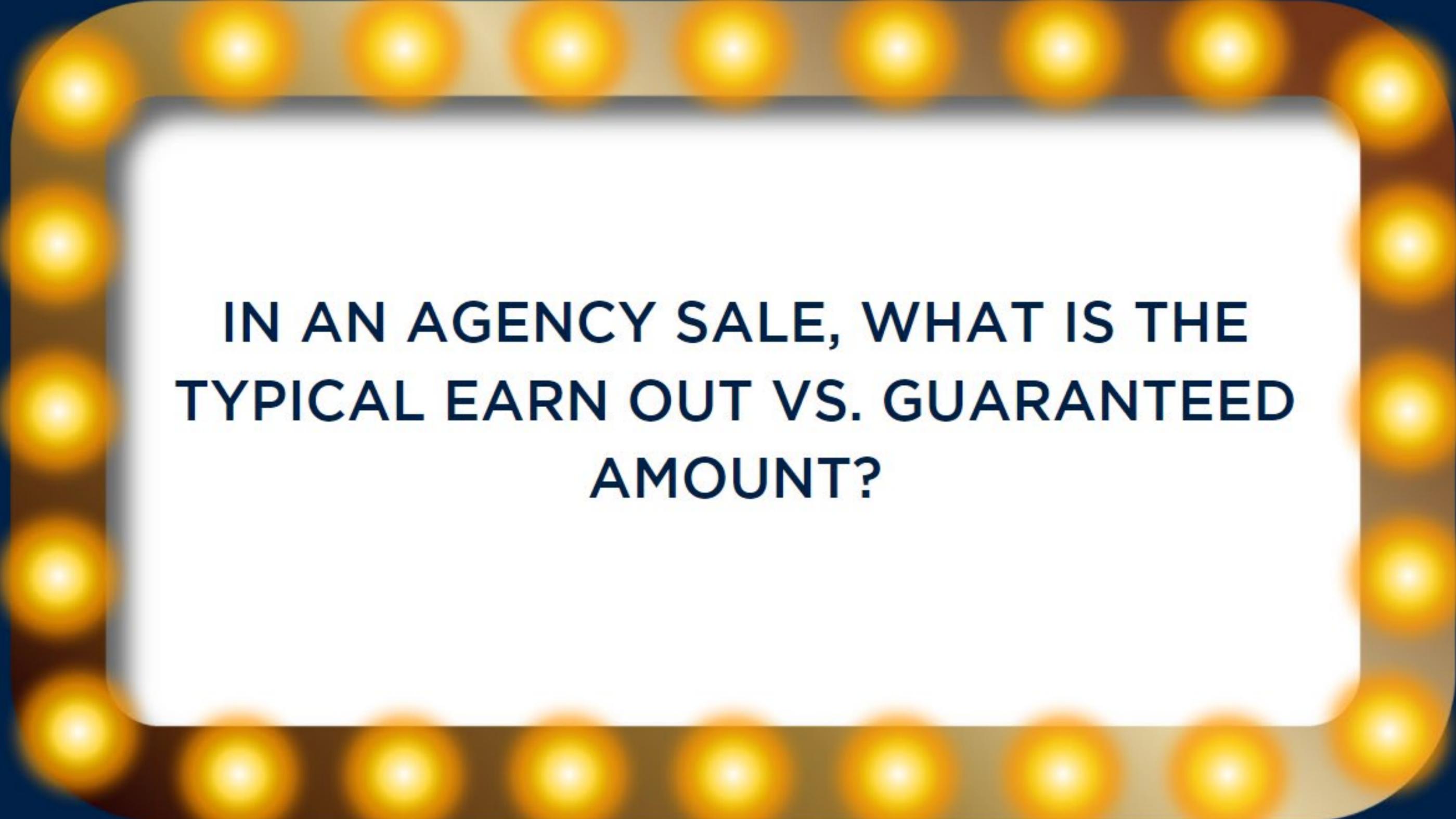
**IN THE PAST 9 YEARS, WHAT
PERCENTAGE OF EBITDA HAVE
AGENCY VALUATIONS INCREASED?**



Data Says...

According to Big I National and Reagan Consulting Best Practices study, IA valuations based on Proforma EBITDA have increased 50% over the past 9 years to 8.9X.



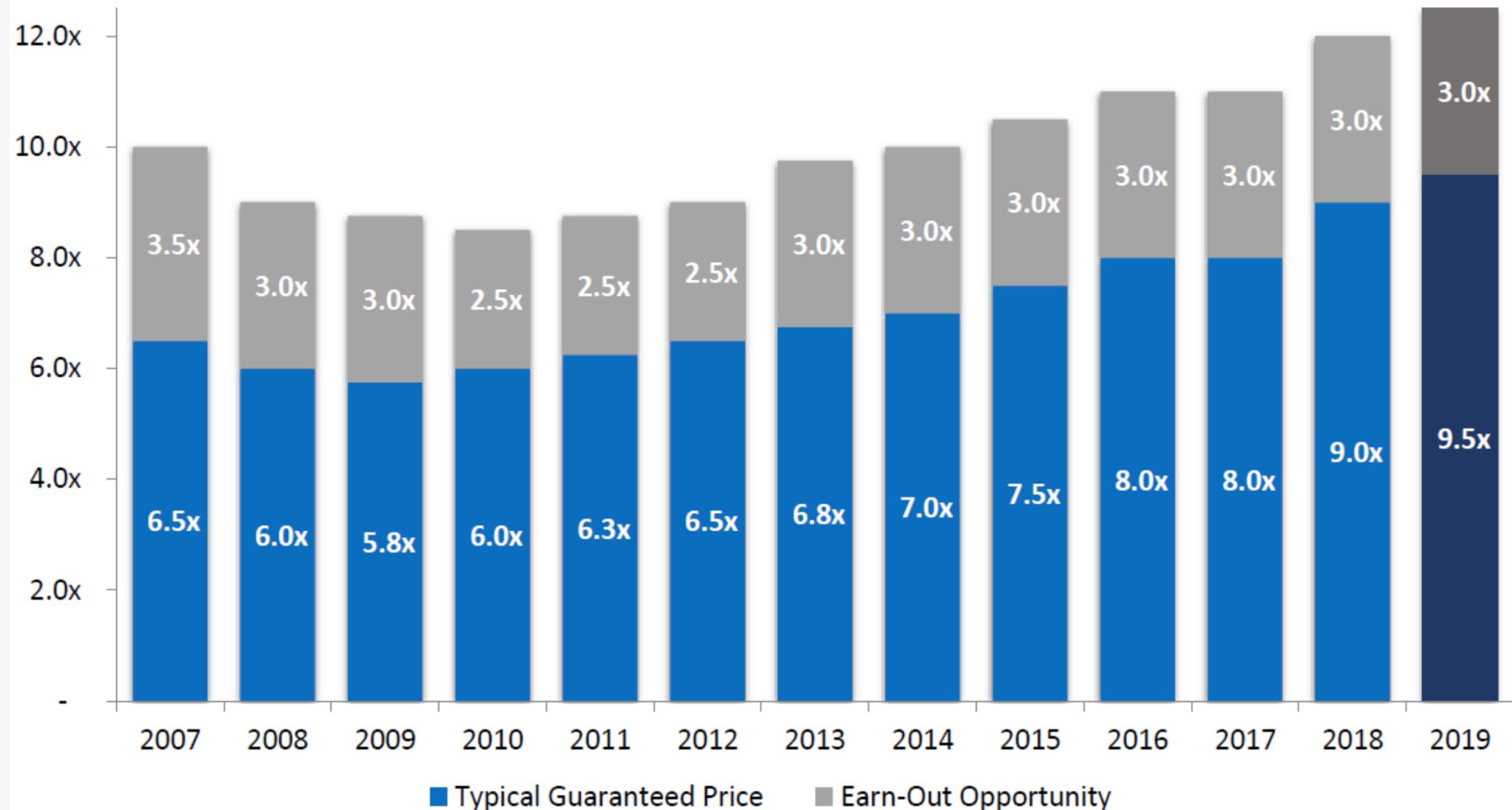


**IN AN AGENCY SALE, WHAT IS THE
TYPICAL EARN OUT VS. GUARANTEED
AMOUNT?**

Data Says...

According to Big I National and Reagan Consulting Best Practices study, buyers typically guarantee 75% of the purchase price and holdback 25% in an earnout based on retention, loss ratio and growth.

M&A Valuations in the Brokerage Industry

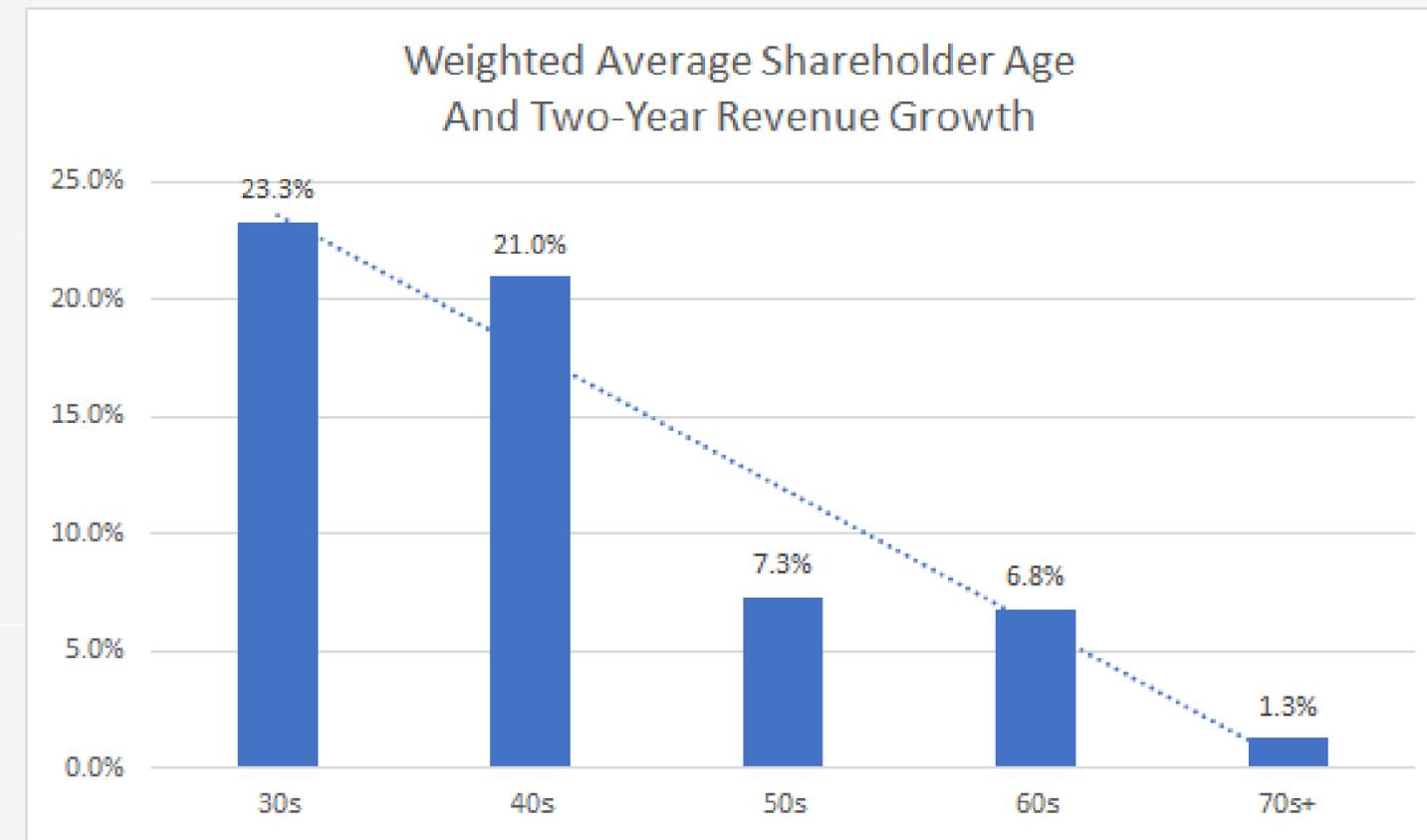
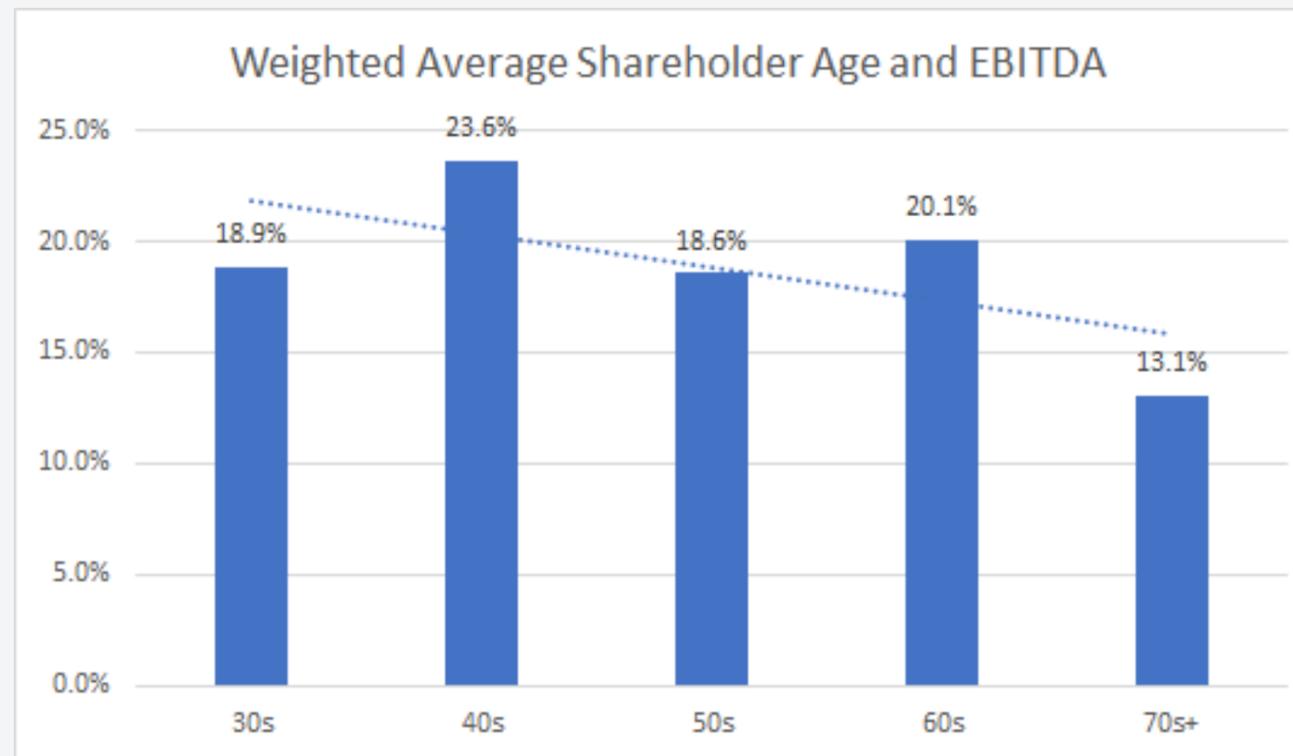


THE PREMISE OF THIS QUESTION IS WHETHER AN AGENCY
OWNER'S AGE AFFECTS AGENCY VALUATION.
IN A \$2M REVENUE AGENCY, WHAT IS THE DIFFERENCE IN A
VALUATION WITH AGENCY OWNERSHIP IN THEIR 30S AND
40S VS. 60S AND 70S?



Data Says...

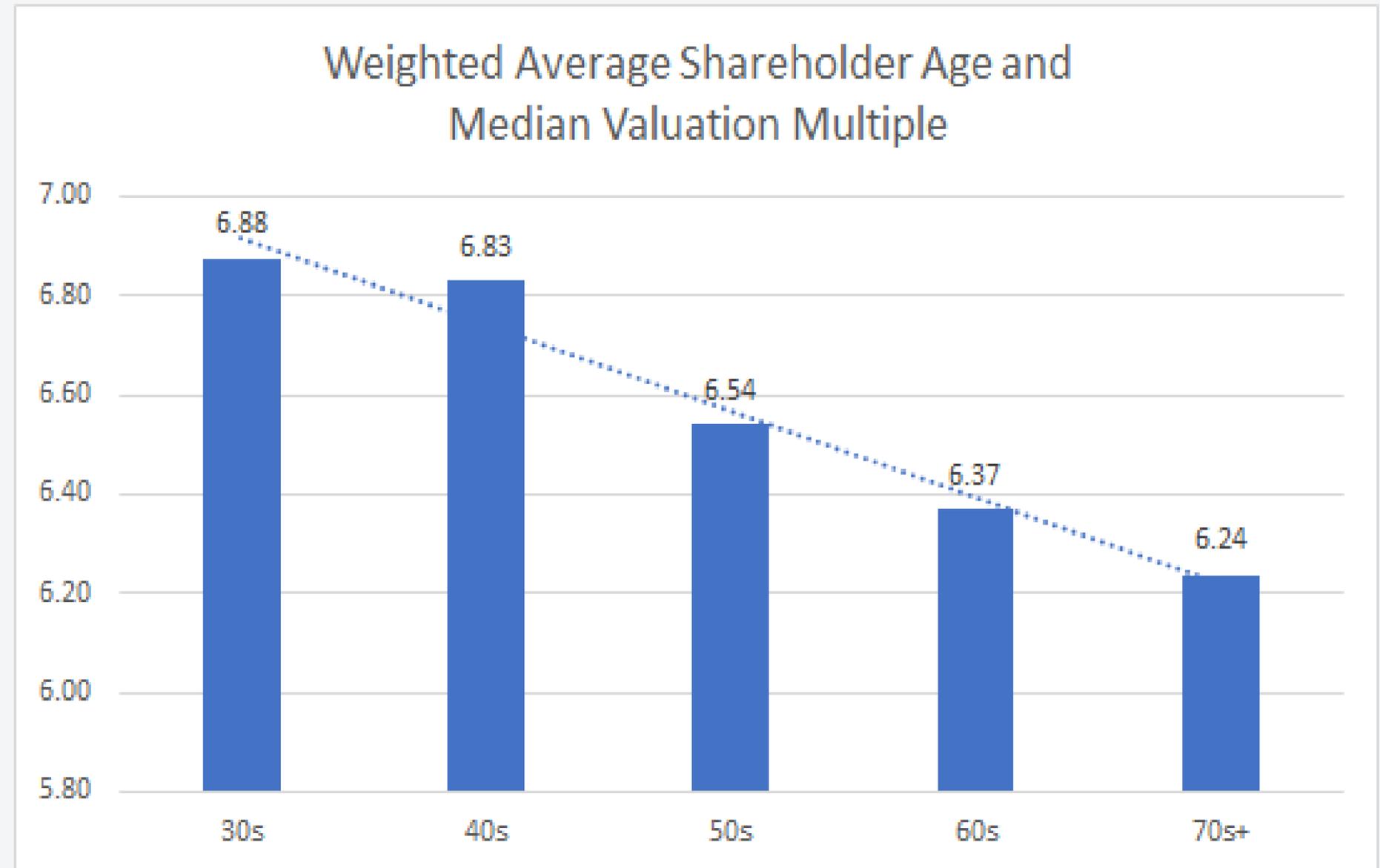
According to OIA/IA Valuations data, several key valuation metrics decline as the ownership of an agency ages. Specifically, EBITDA profitability margin and growth rates are almost half of the rates of agencies with better generational health.

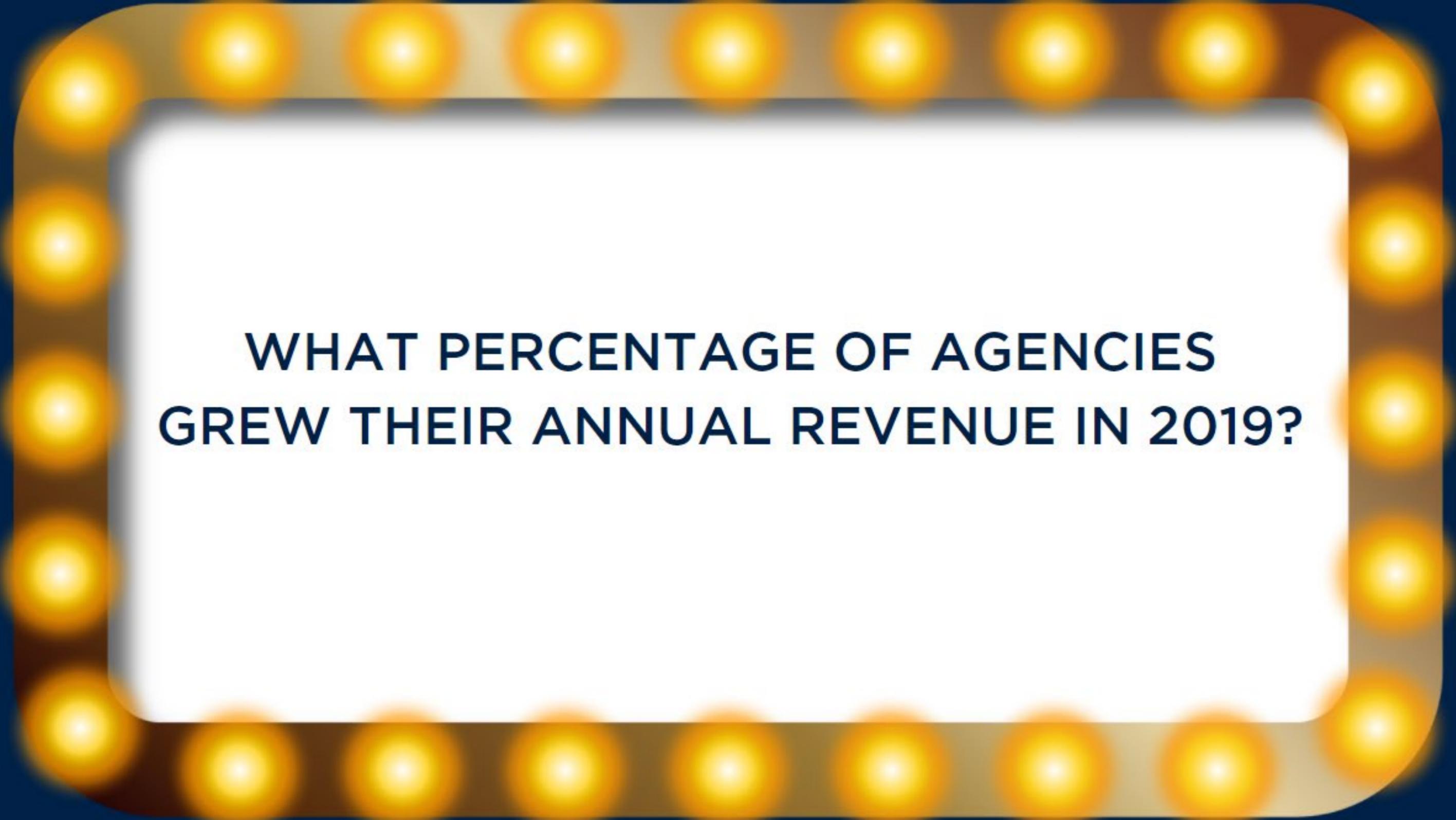


Data Says...

According to OIA/IA Valuations data, an agency with ownership in their 60s and 70s trade at a multiple of .50 or more less than agencies with better generational health.

For a \$600K annual revenue agency with a 27% EBITDA profitability margin, the difference in agency value is \$104K when comparing the valuation multiple of generationally healthy ownership (\$1,114,560) vs. and unhealthy one (\$1,010,880).



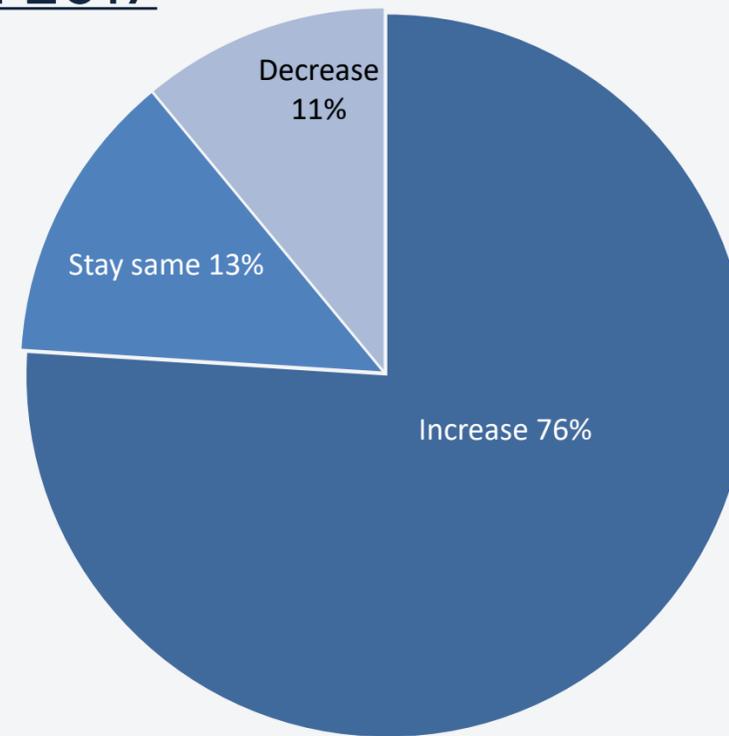


**WHAT PERCENTAGE OF AGENCIES
GREW THEIR ANNUAL REVENUE IN 2019?**

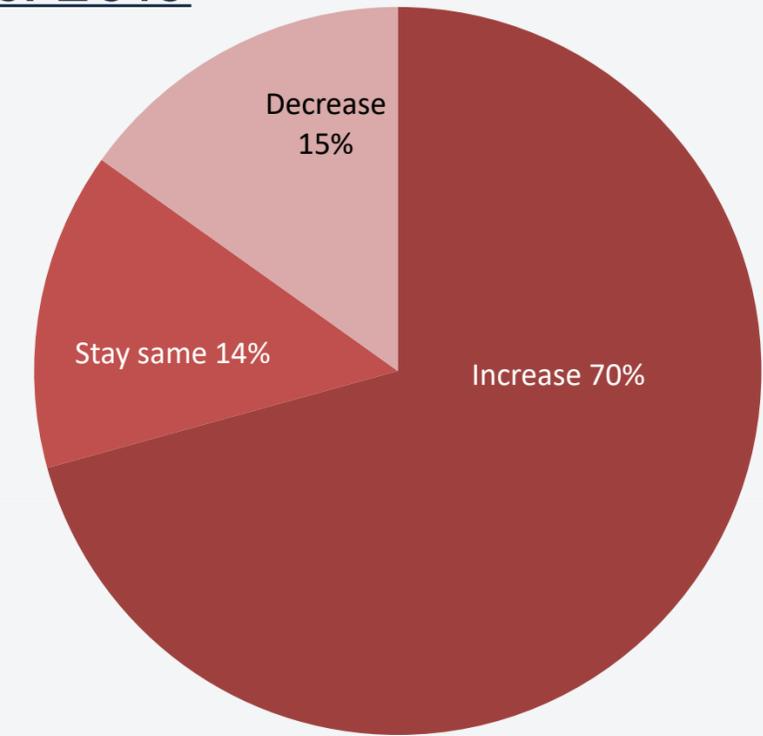
Data Says...

According to Big I National Agency Universe Study, 70% of agencies saw revenue increases between 2018 and 2019, with an average increase of 20%. Slightly more than one in ten (15%) report decreased revenue.

Change in Total Revenue 2016 vs. 2017



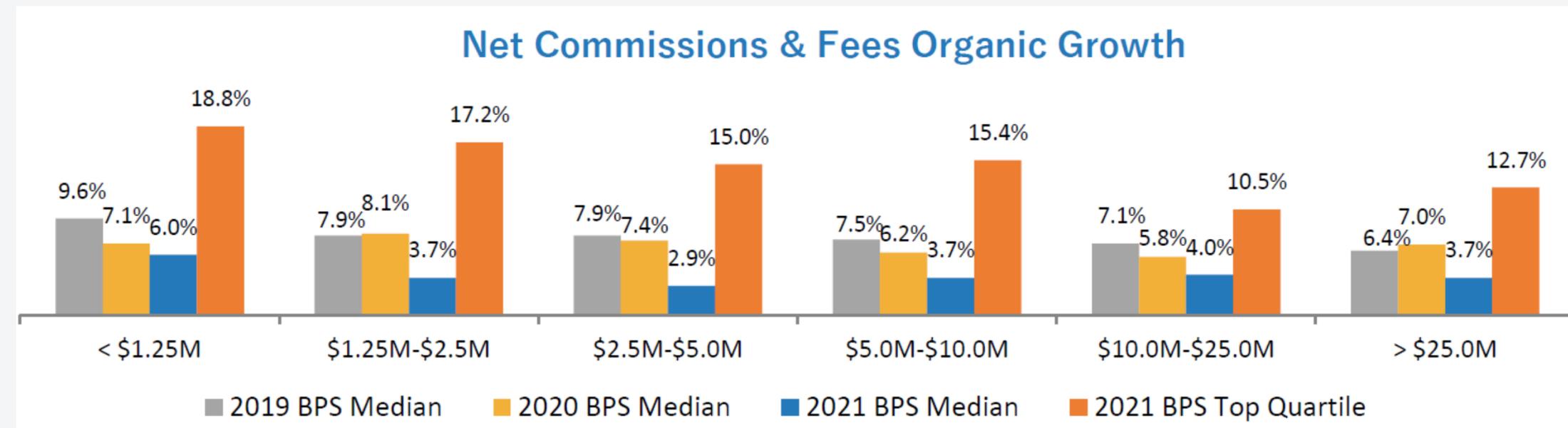
Change in Total Revenue 2018 vs. 2019



**WHICH CATEGORY OF BEST PRACTICES
AGENCY HAD THE HIGHEST GROWTH
RATE OVER THE PAST 3 YEARS - SMALL,
MEDIUM, LARGE OR JUMBO?**

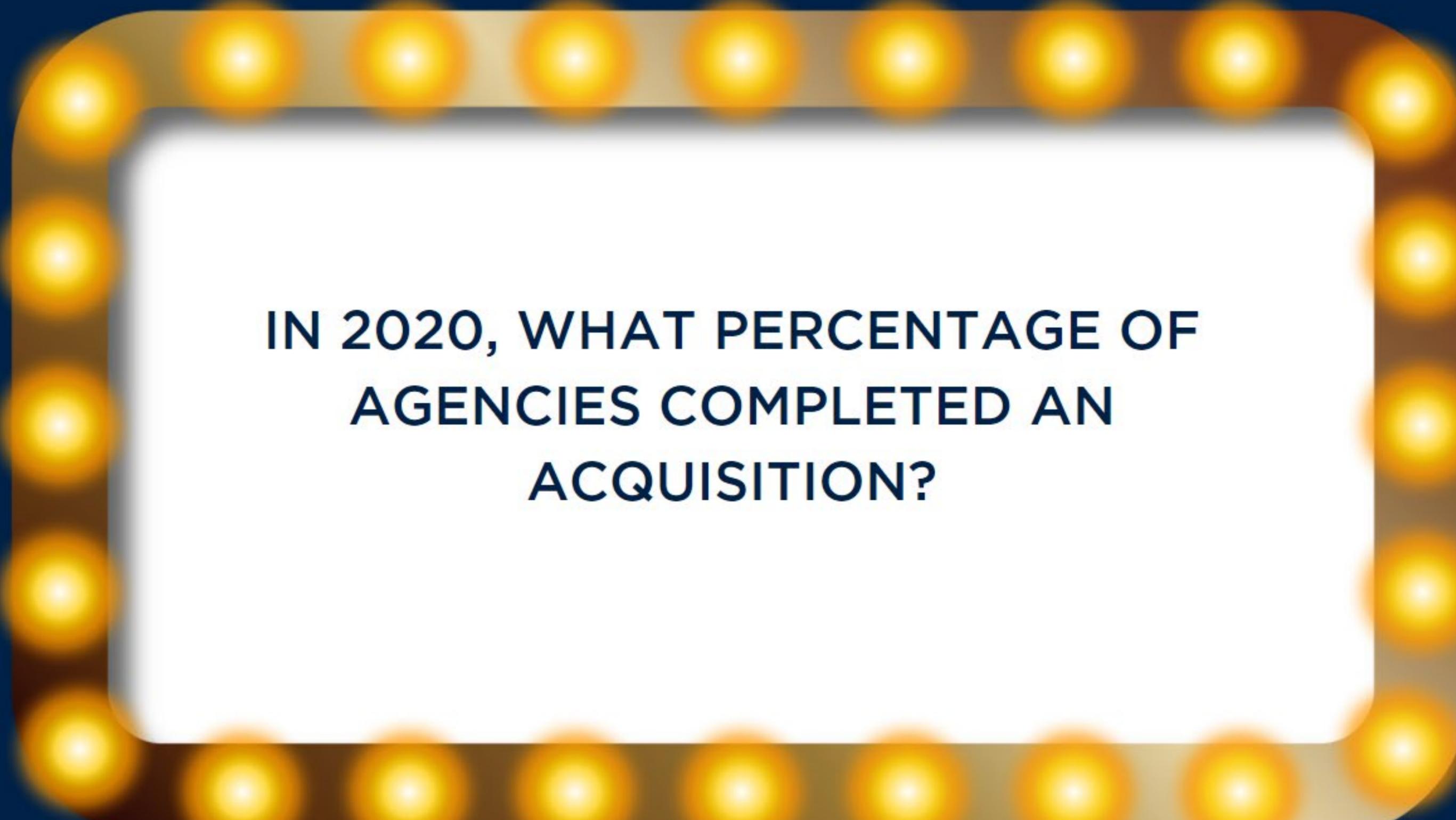
Data Says...

According to the Big I National and Reagan Consulting Best Practices Study, small agencies have the highest organic growth rate over the past 3 years averaging 7.5%.





M&A Activity in the Independent Agency System



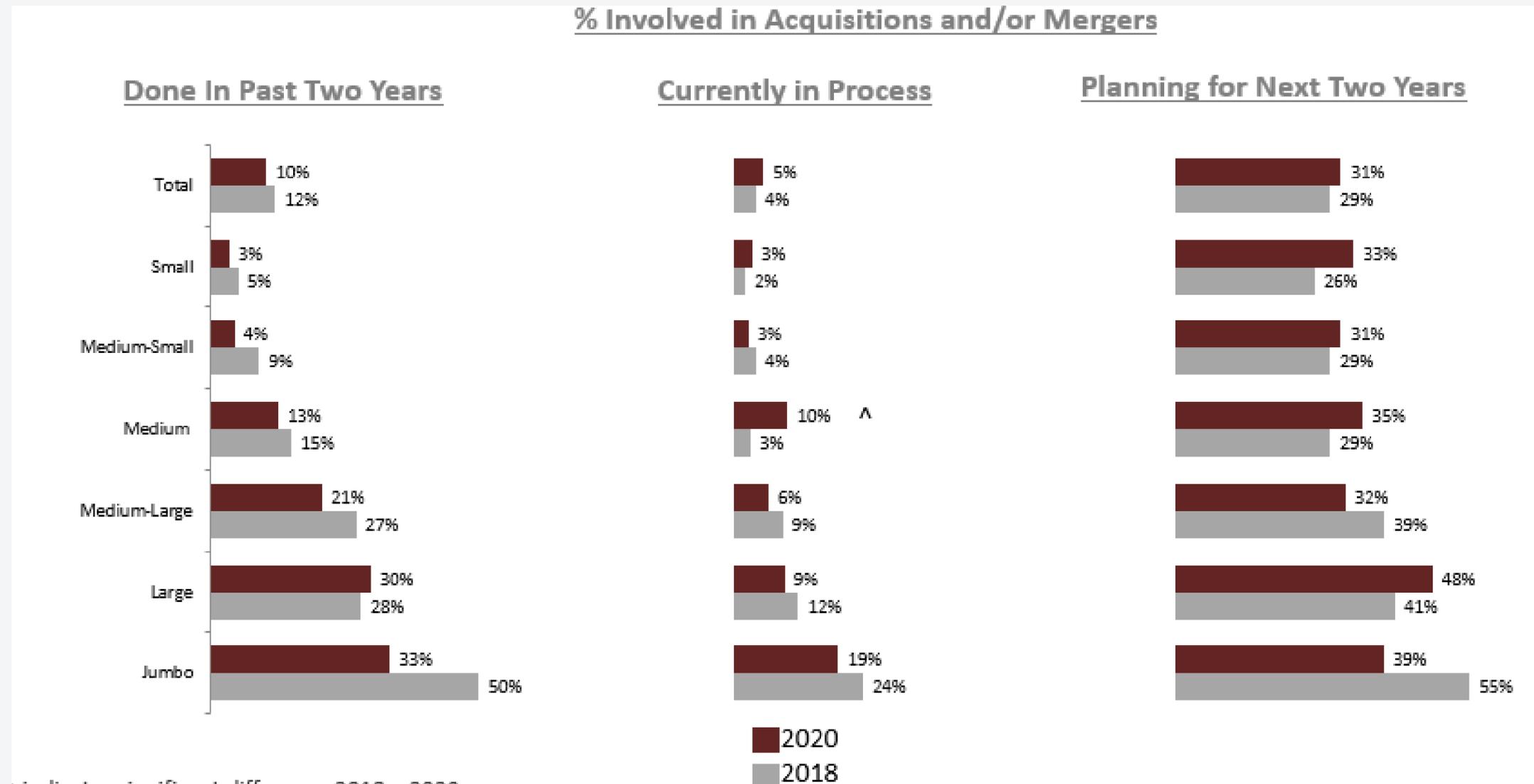
**IN 2020, WHAT PERCENTAGE OF
AGENCIES COMPLETED AN
ACQUISITION?**

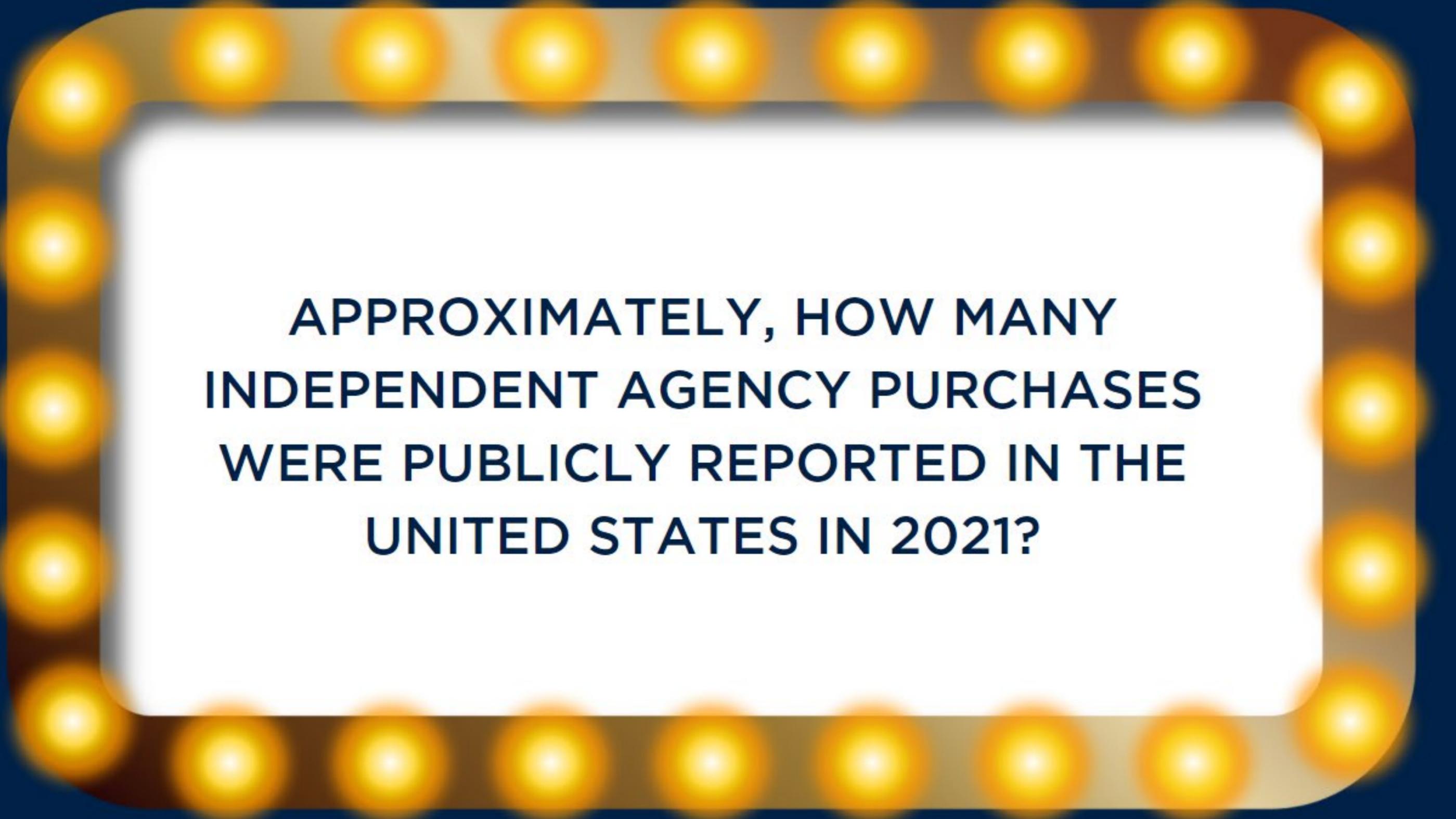


Data Says...

According to the Big I National Agency Universe Study, 10% of agencies completed an acquisition in 2020. That number is down 2% from 2018.

One in ten agencies have been involved in acquisitions or mergers within the past two years. Overall acquisition/merger activity is widespread among Medium Large, Large and Jumbo Agencies.



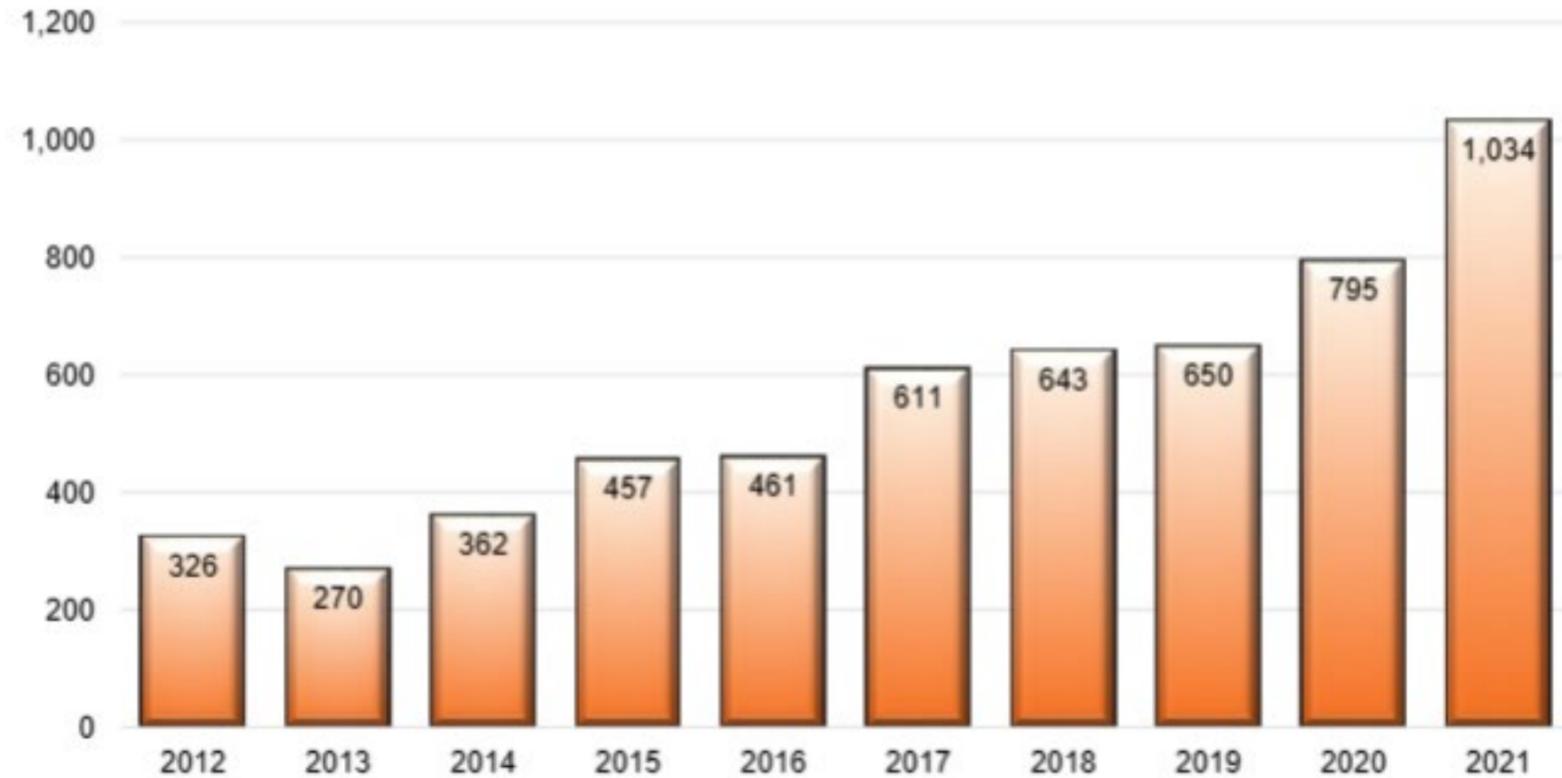


**APPROXIMATELY, HOW MANY
INDEPENDENT AGENCY PURCHASES
WERE PUBLICLY REPORTED IN THE
UNITED STATES IN 2021?**

Data Says...

According to Optis Partners data, Agency acquisitions increased to a record high 1,034 acquisitions. It is believed that publicly reported numbers may only represent 20 – 30% of the actual transactions in a year.

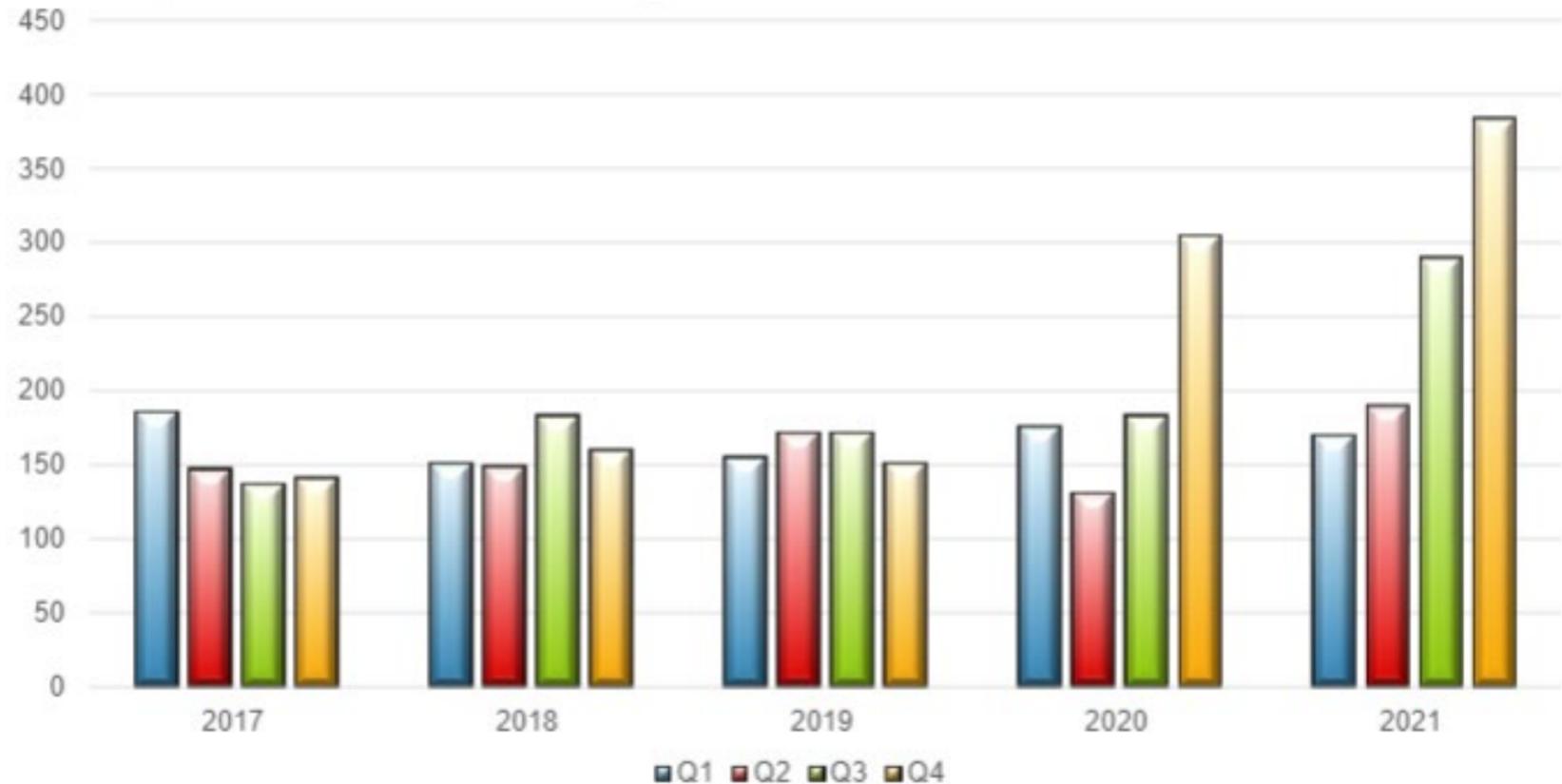
Agency Acquisitions By Year



Data Says...

According to Optis Partners data, Agency acquisitions were heaviest in Q4 of 2020 and 2021. Much of this was likely driven by the uncertainties of the election and tax situation.

Quarterly M&A Activity



7

5 Key Insights from the Leaders

1. Invest in People
2. Have an active relationship with technology
3. Growth Mindset
4. Sharpen your knowledge and focus
5. Get involved with OIA, your peer network and carrier partners

5 Key Insights from the Legends

1. The IA system is resilient
2. Give back to your profession – you will get back more than you give
3. Be humble
4. Make mistakes and learn from those mistakes
5. Enjoy the Ride

CE END CODE

570



**State of the Insurance Industry
& IA System in Ohio**



10 Minute Break