

IACON

INSURING TOMORROW



How Lead Carriers Impact Agency Value and Perpetuation



AGENDA

- State of Agency Valuations
- The Importance of Lead Carrier Relationships
 - Market Share
 - Agent Satisfaction
 - Impact on Agency Value
 - Impact on Perpetuation
- How to vet lead carrier relationships





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Business Planning and Valuation
Analyst, IA Valuations



Jeff Smith, JD, CIC

CEO, Ohio Insurance Agents Association



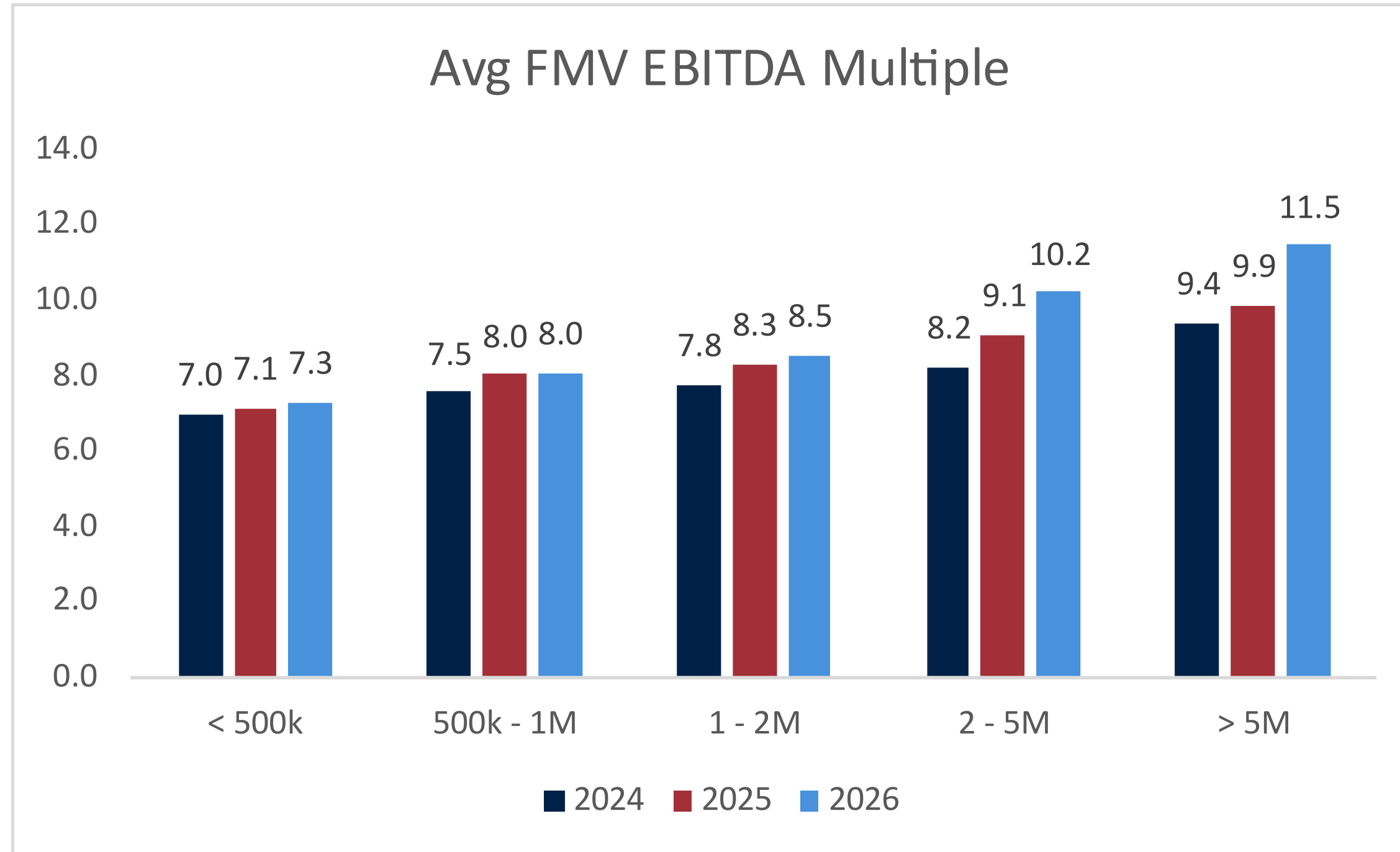
Craig Niess, MBA, CVA

Director of Business Planning and
Valuations, IA Valuations



State of Agency Valuations

Agency Valuations



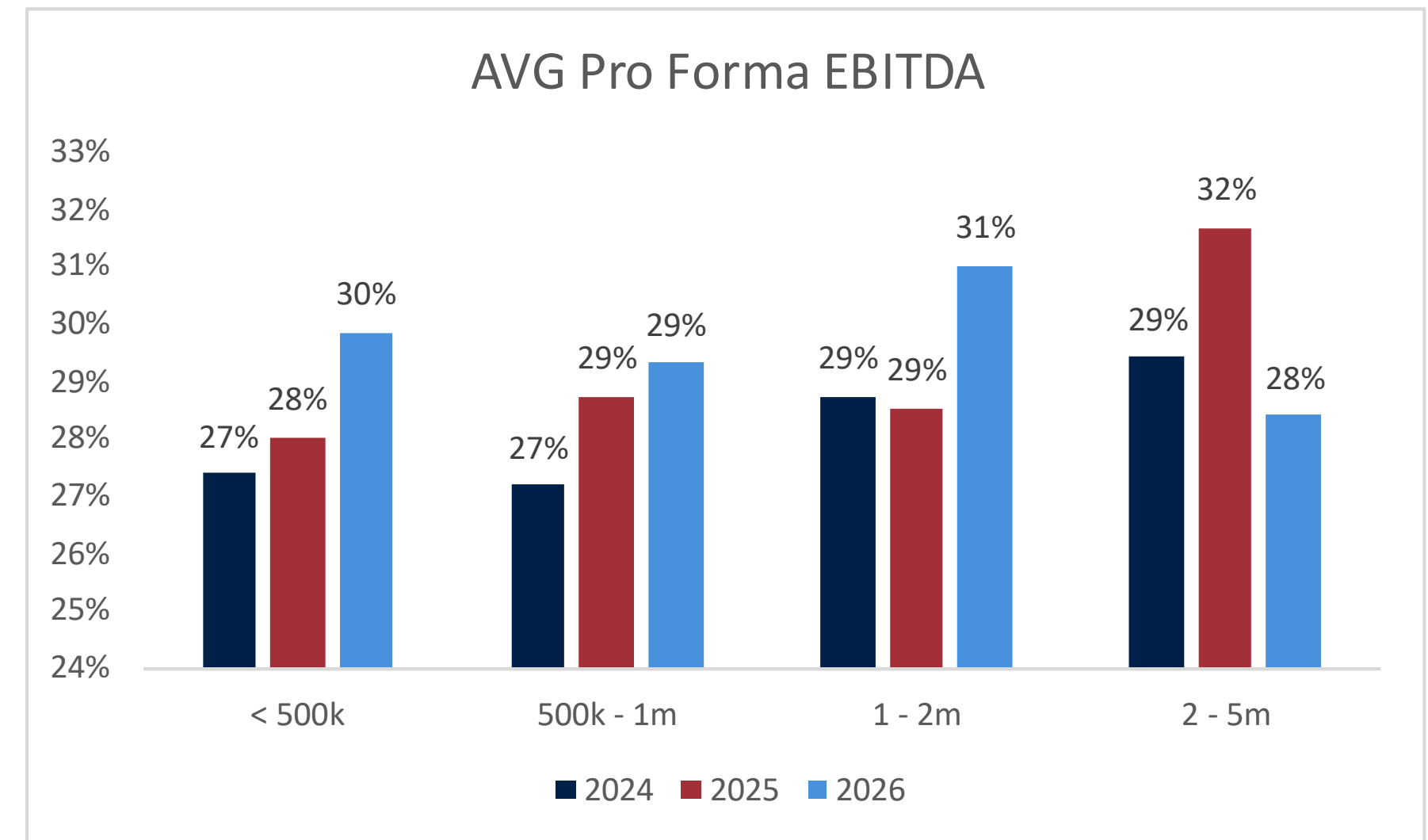
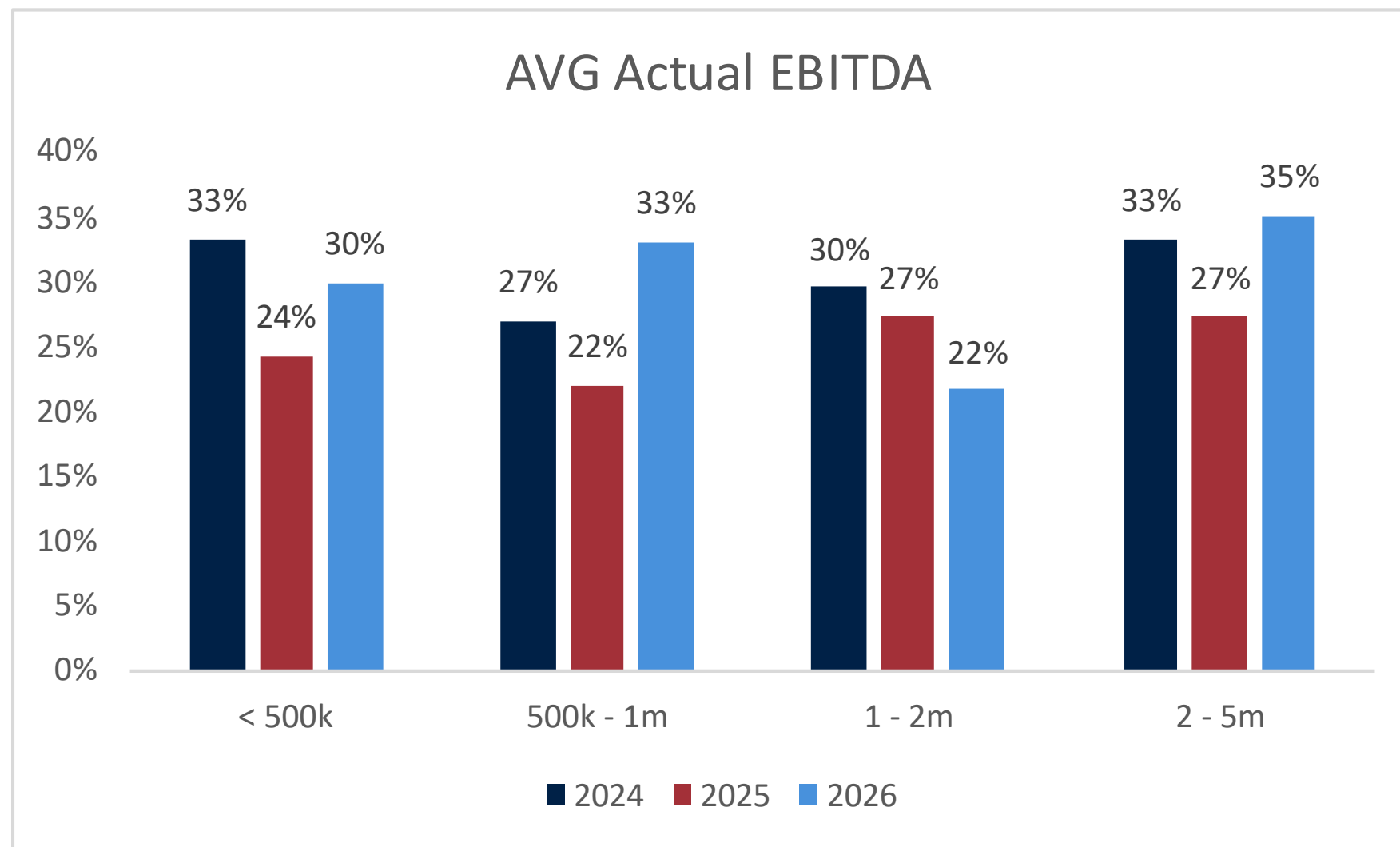
Overall Valuation Multiples are still increasing YOY.

All Revenue Categories experienced an increase in valuation multiples but the \$500k-1M group flattened.

As consolidation has continued, privately held agencies with more than \$2M in revenue have been a target for acquisition, therefore the remaining \$2M+ revenue agencies have experienced an increase in value.

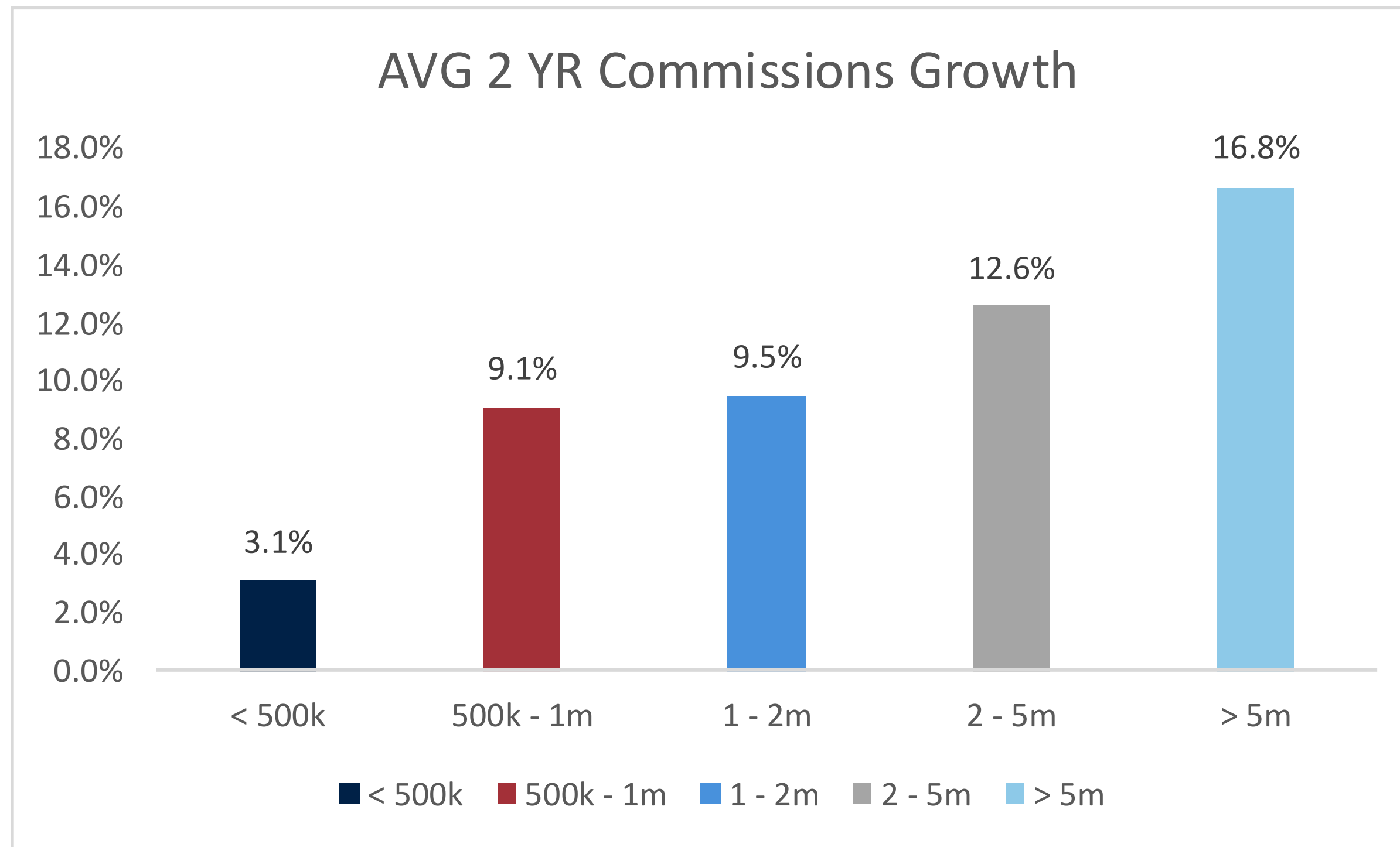
Source: IA Valuations

Agency Valuations



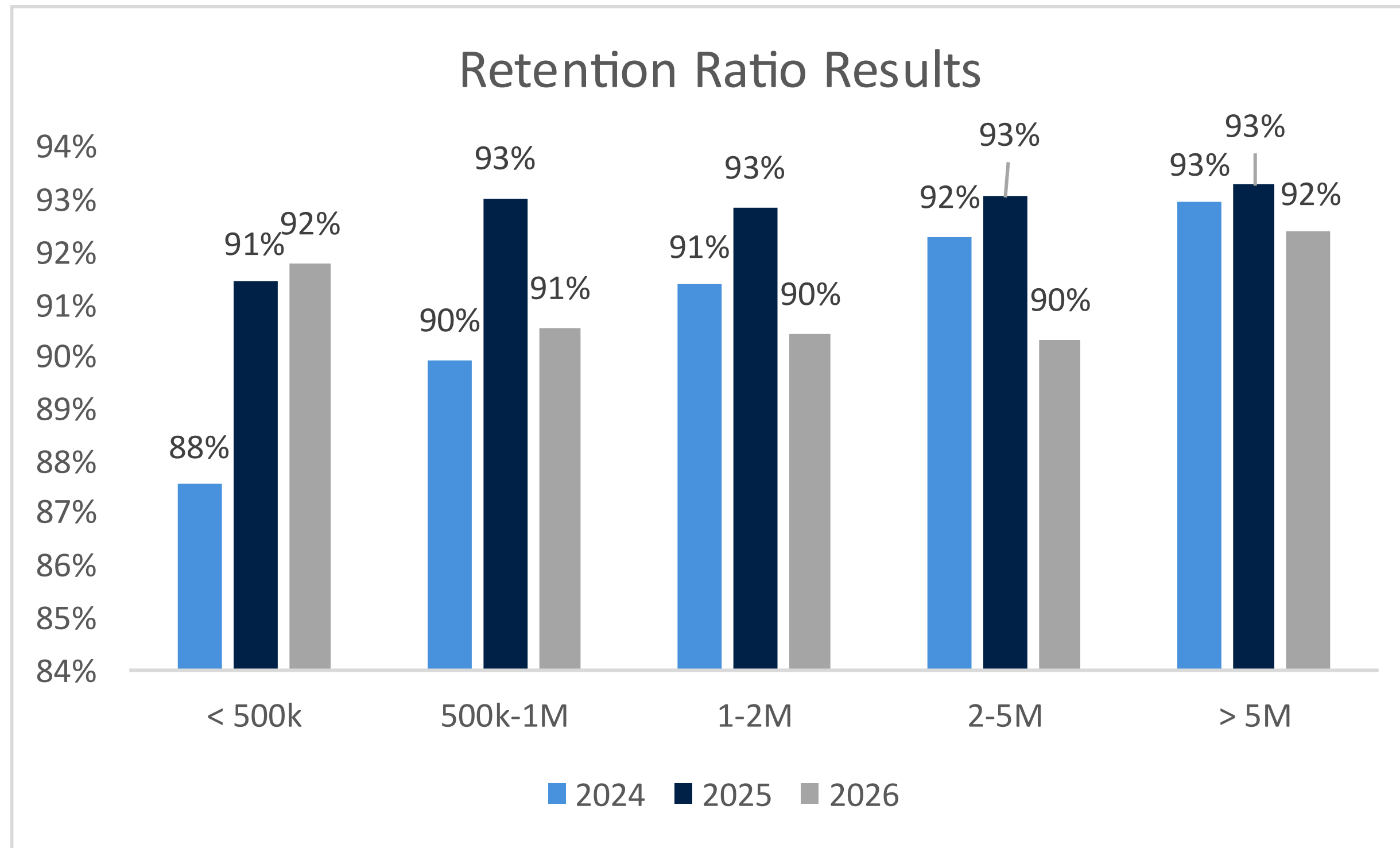
Source: IA Valuations

Agency Valuations



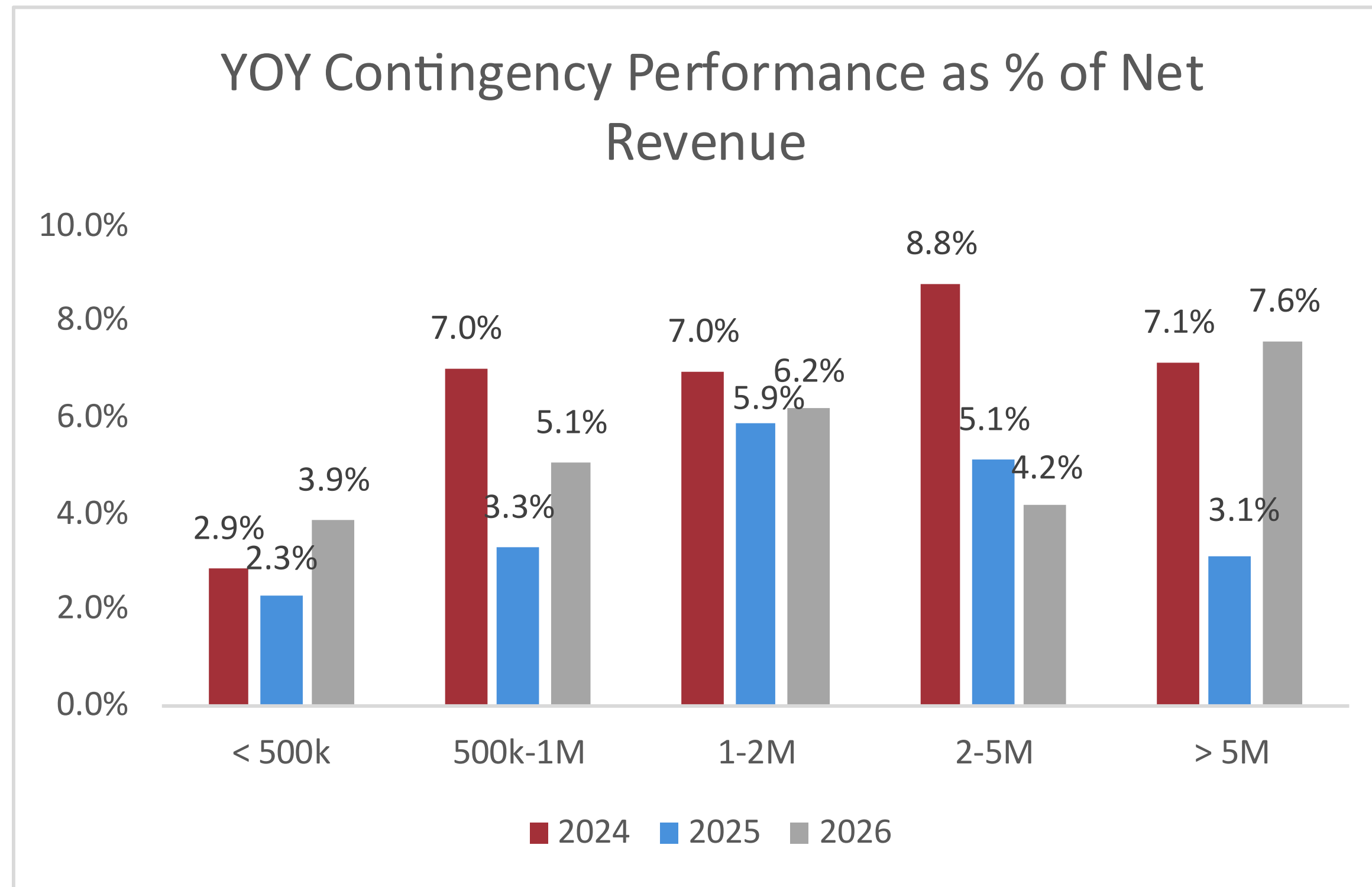
Source: IA Valuations

Agency Valuations



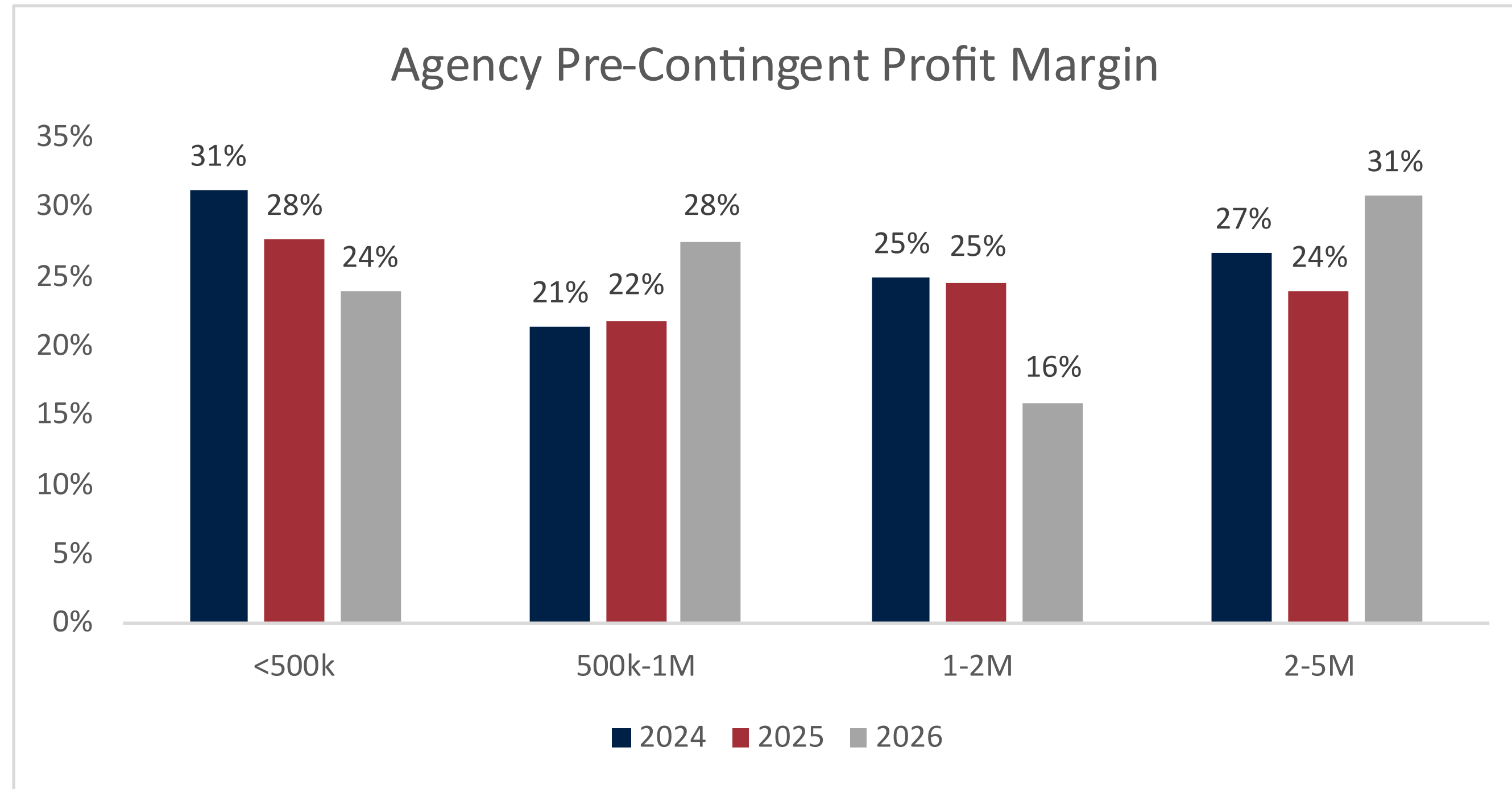
Source: IA Valuations

Agency Valuations



Source: IA Valuations

Agency Valuations



Source: IA Valuations

BEST PRACTICES STUDY UPDATE

SCALING EXCELLENCE:
GROWTH STRATEGIES FOR
INSURANCE AGENCIES



2026

CONDUCTED BY

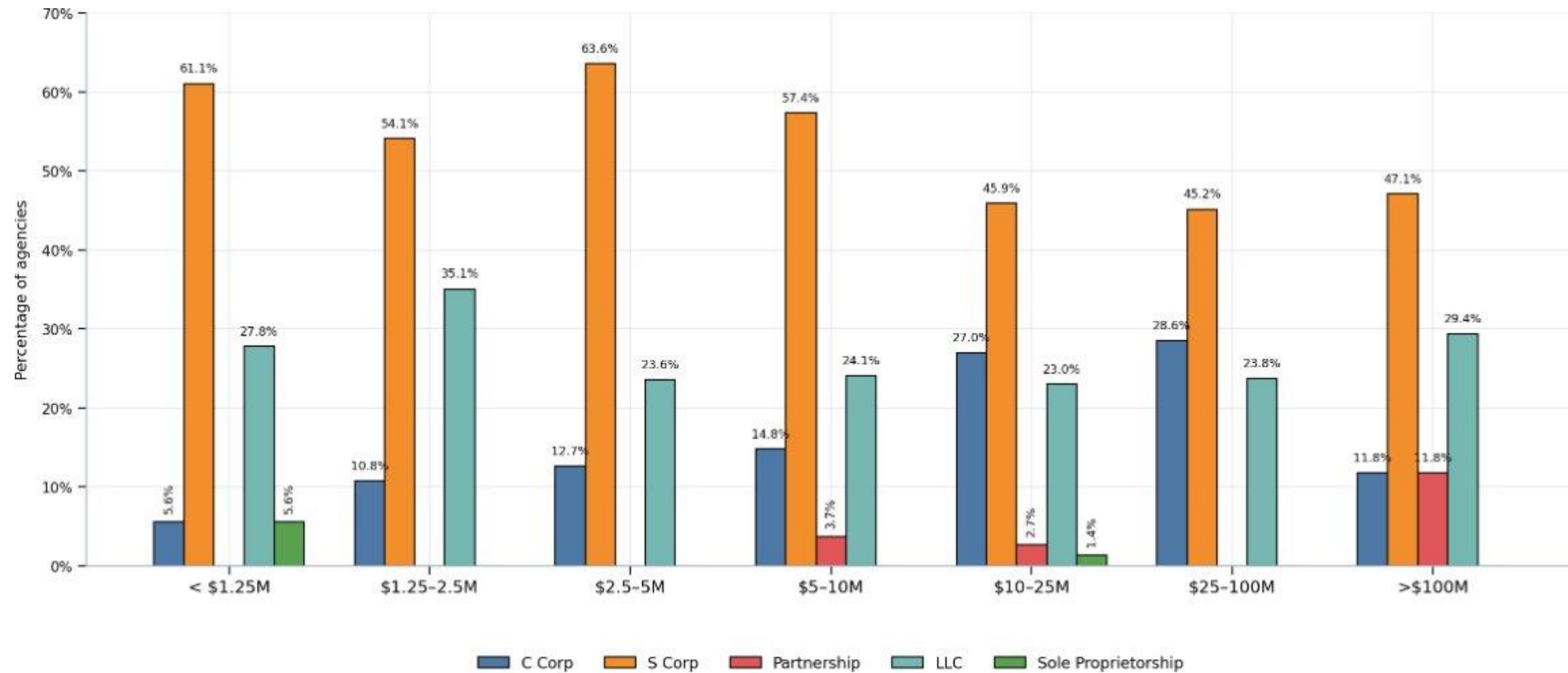
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Agency Valuations

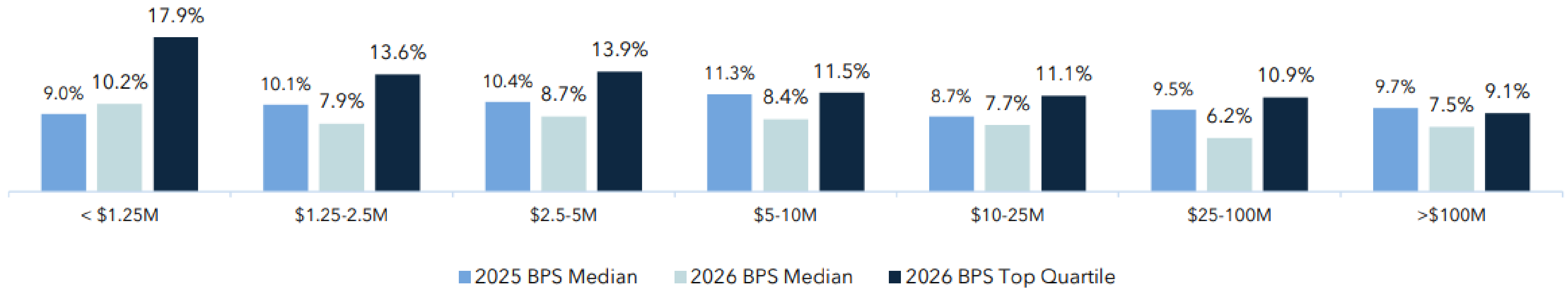
Type of Agency Corporate Structure



Source: Big I and Reagan Best Practices Study

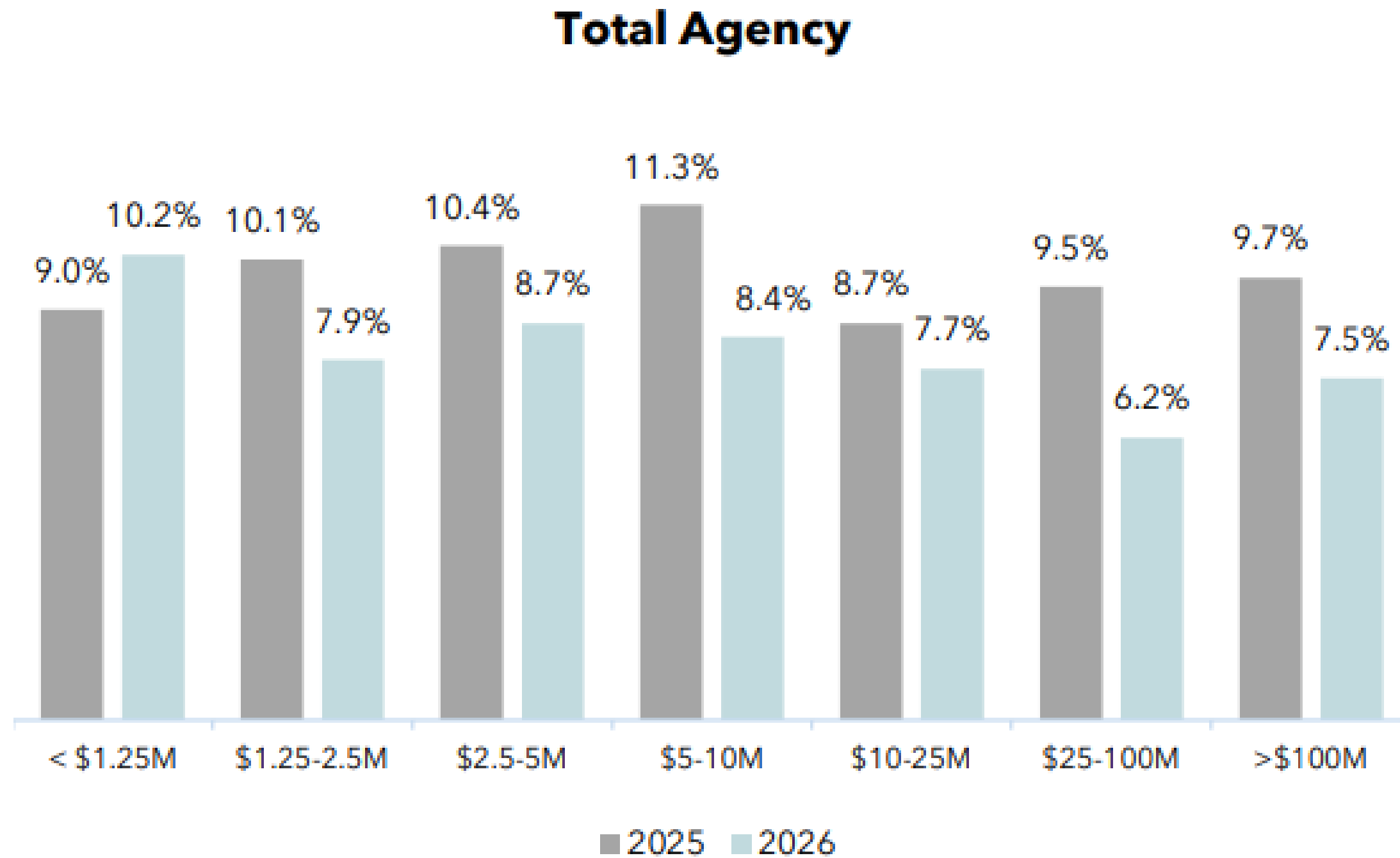
Agency Valuations

Net Commissions & Fees Organic Growth



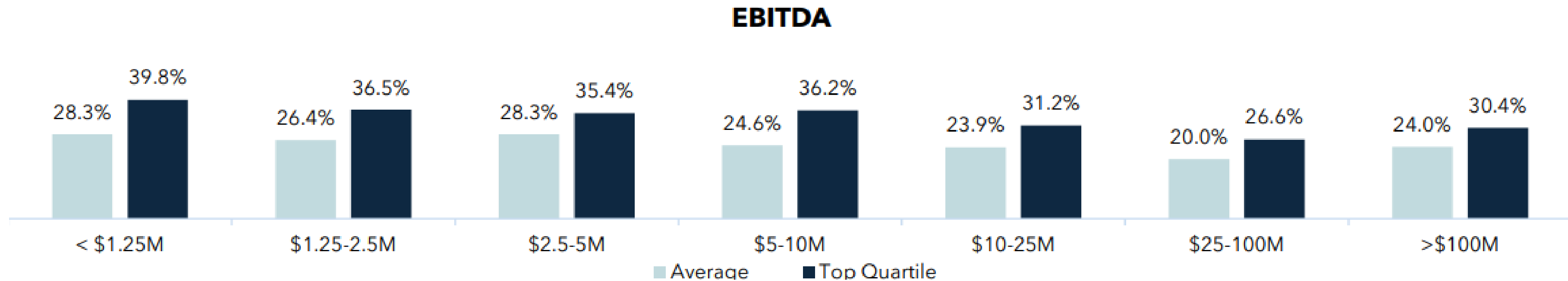
Source: Big I and Reagan Best Practices Study

Agency Valuations



Source: Big I and Reagan Best Practices Study

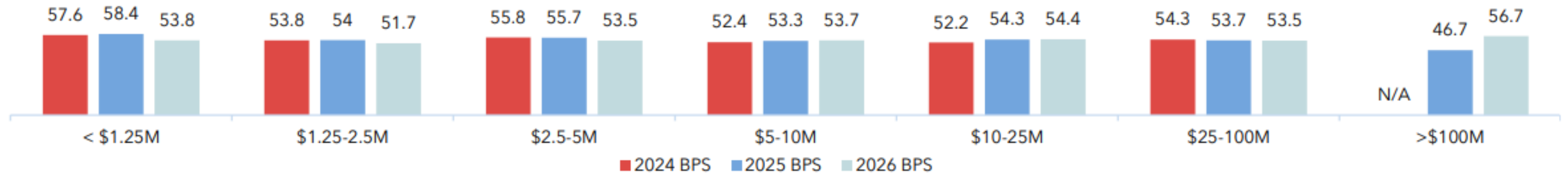
Agency Valuations



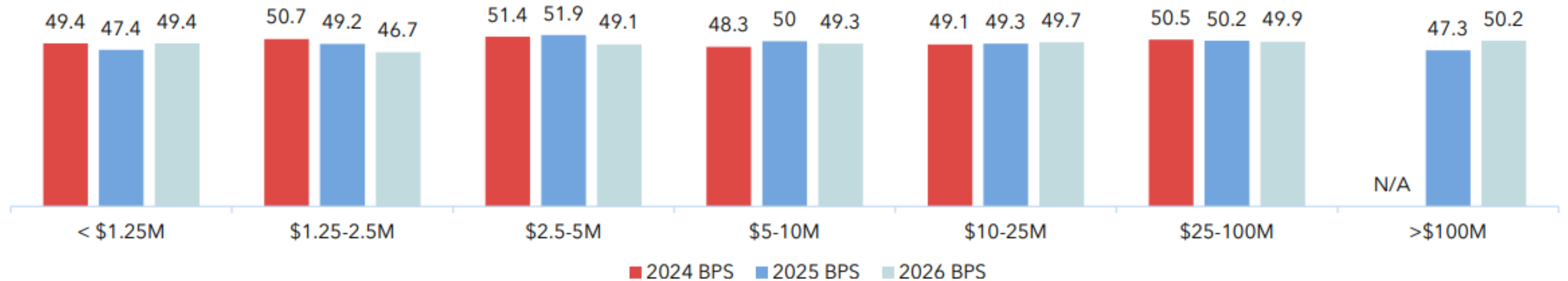
Source: Big I and Reagan Best Practices Study

Agency Valuations

WASA: Weighted Average Shareholder Age



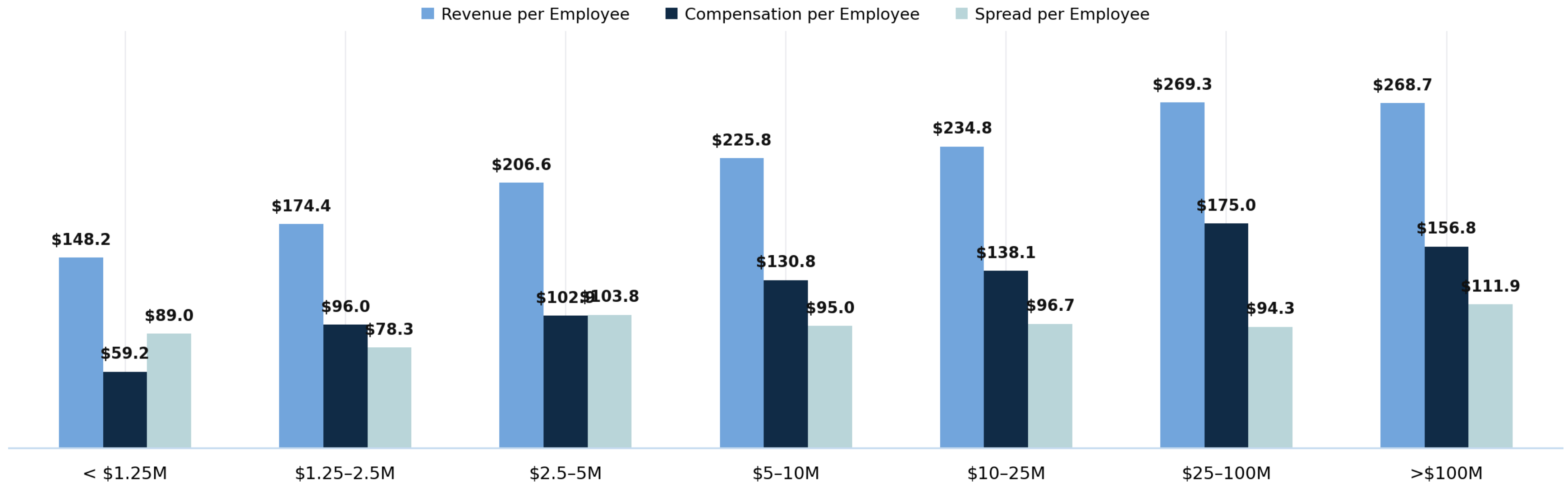
WAPA: Weighted Average Producer Age



Source: Big I and Reagan Best Practices Study

Agency Valuations

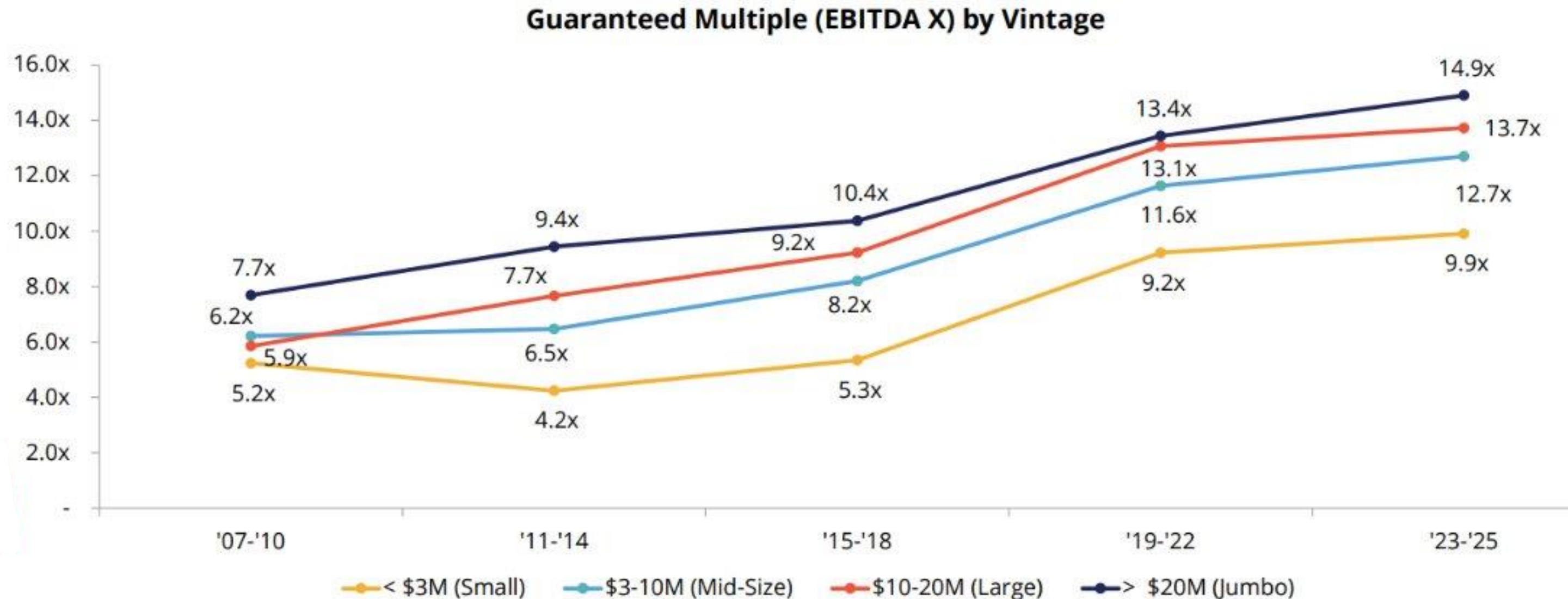
Median Productivity Metrics (\$ in thousands)



Source: Big I and Reagan Best Practices Study

Agency Valuations

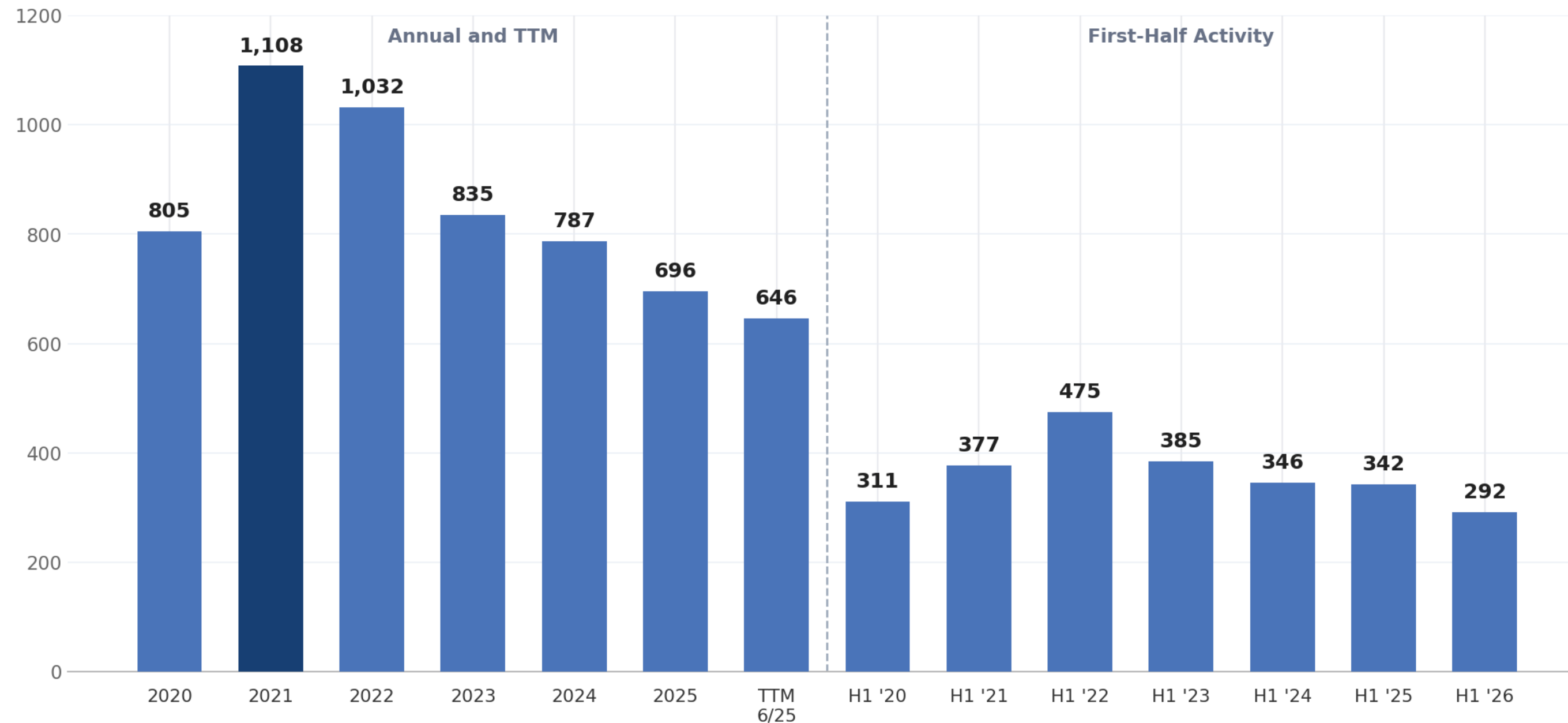
M&A PRICING REMAINS STRONG



Source: Big I and Reagan Best Practices Study

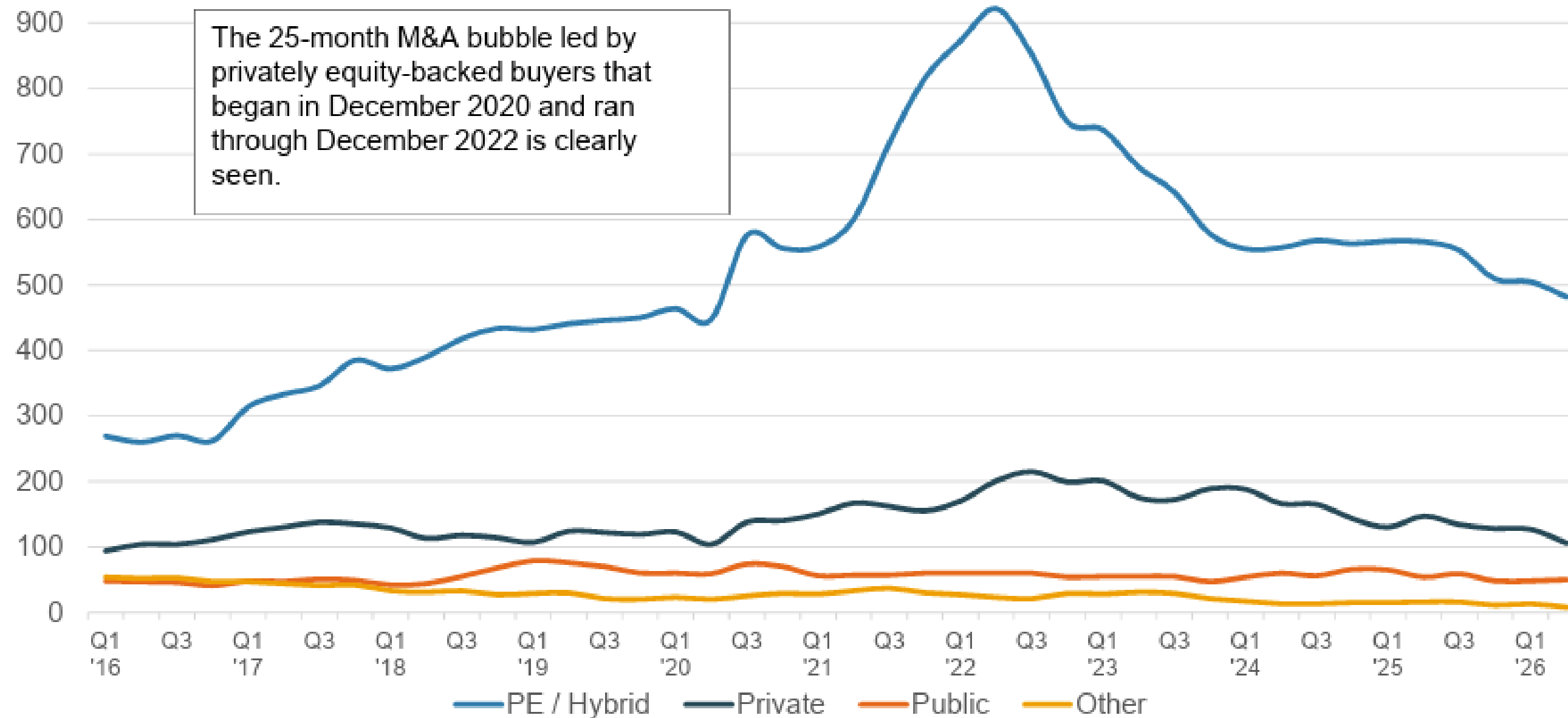
M&A Environment

Agency M&A Transaction Activity



Source: Optis Partners

M&A Environment



Source: Optis Partners

M&A Environment



Top 10 Acquirers YTD in 2026

Buyer	Buyer Type	H1 '21	H1 '22	H1 '23	H1 '24	H1 '25	H1 '26
BroadStreet Partners	PE-Hybrid	45	35	59	90	69	37
Inszone Insurance Services	PE-Hybrid	12	42	46	48	45	33
ALKEME	PE-Hybrid	7	11	12	21	27	15
World Insurance Associates	PE-Hybrid	53	39	36	16	34	15
OneDigital	PE-Hybrid	21	21	19	27	16	12
Hub International	PE-Hybrid	62	70	66	61	49	11
Leavitt Group	Private	24	20	34	30	29	11
Trucordia (PCF)	PE-Hybrid	99	71	2	16	14	9
Unison Risk Advisors	PE-Hybrid			12	8	11	9
King Risk Partners	PE-Hybrid	4	14	10	18	22	9
Sub-totals		327	323	296	335	316	161
All Others		784	709	539	452	380	131
Totals for Year		1,111	1,032	835	787	696	292

Source: Optis Partners

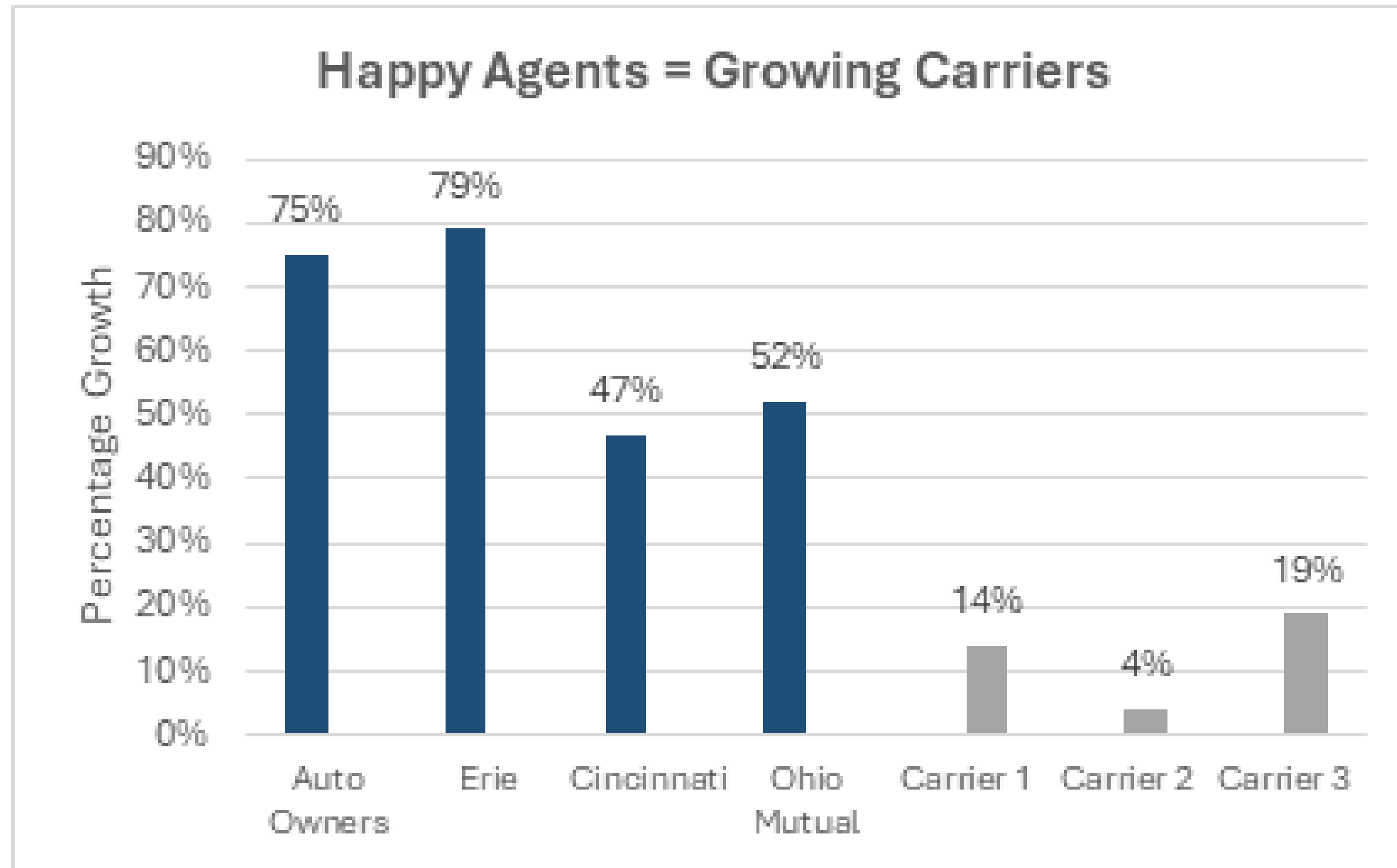


The Importance of Lead Carrier Relationships on Agency Value and Perpetuation

Lead Carrier Relationships

1. Perpetuation – Internal vs. External
 - Limited options or open market
2. Chasing Growth or Profitability
3. Carrier Mix – risk vs. reward
4. Personal Lines vs. Commercial Lines Agency
5. Support for privately held independent agencies

Happy Agents = Growing Carriers



Auto Owners, Cincinnati, Erie and Ohio Mutual have been ranked among the top 3 in agent satisfaction in 79 of the top 120 spots since 2022.

They are being rewarded with growth 2X to 10X times carriers with lower rankings during same time.

In addition to growth, with exception of Erie, these carriers were also rewarded with profitable growth outperforming similar carriers and the Ohio average.

Source: OIA Carrier Satisfaction Report

Lead Carrier Relationships



2025 Market Share Rank	Groups or Groups By Marketing Type	2012	2020	2025	2012–2020 Growth	2020–2025 Growth	2012–2025 Total Growth	Total Growth Rank
1	State Farm Group (G)	1,649,019	1,952,326	3,353,236	18.4%	71.8%	103.3%	7
2	Progressive Insurance Group (G)	738,238	1,452,163	2,454,590	96.7%	69.0%	232.5%	1
3	Allstate Insurance Group (G)	894,956	1,244,289	1,766,320	39.0%	42.0%	97.4%	9
4	The Cincinnati Insurance Companies (G)	638,339	794,134	1,169,974	24.4%	47.3%	83.3%	12
5	Liberty Mutual Insurance Companies (G)	914,238	1,198,129	1,144,936	31.1%	-4.4%	25.2%	19
6	Erie Insurance Group (G)	334,893	593,885	1,067,938	77.3%	79.8%	218.9%	2
7	Berkshire Hathaway Insurance Group (G)	377,485	775,796	991,061	105.5%	27.7%	162.5%	4
8	Travelers Group (G)	406,553	554,557	858,751	36.4%	54.9%	111.2%	6
9	Nationwide Group (G)	926,860	901,201	781,855	-2.8%	-13.2%	-15.6%	23
10	Grange Insurance Pool (G)	490,338	621,329	709,539	26.7%	14.2%	44.7%	16
11	Auto-Owners Insurance Group (G)	291,736	394,411	685,691	35.2%	73.9%	135.0%	5
12	Chubb INA Group (G)	390,719	460,355	649,434	17.8%	41.1%	66.2%	15
13	Westfield Group (G)	504,977	541,988	642,055	7.3%	18.5%	27.1%	18
14	USAA Group (G)	186,545	371,666	578,064	99.2%	55.5%	209.9%	3
15	American Family Insurance Group (G)	272,194	346,724	490,228	27.4%	41.4%	80.1%	13
16	CNA Insurance Companies (G)	202,994	305,288	379,755	50.4%	24.4%	87.1%	10
17	Farmers Insurance Group (G)	349,012	330,763	372,929	-5.2%	12.7%	6.9%	20
18	Zurich Insurance US PC Group (G)	265,963	267,089	367,000	0.4%	37.4%	38.0%	17
19	American International Group (G)	317,150	248,728	315,775	-21.6%	27.0%	-0.4%	21
20	Ohio Mutual Insurance Group (G)	165,267	202,721	308,074	22.7%	52.0%	86.4%	11
21	Hartford Insurance Group (G)	156,301	185,923	268,899	19.0%	44.6%	72.0%	14
22	Western Reserve Group (G)	132,950	178,142	265,285	34.0%	48.9%	99.5%	8
23	Encova Mutual Insurance Group (G)	230,989	212,444	220,322	-8.0%	3.7%	-4.6%	22
Total of Above and Average		10,837,716	14,134,051	19,841,711	30.4%	40.4%	83.1%	

Source: A.M. Best Data – Real Insurance Consulting



Agent-Carrier Satisfaction



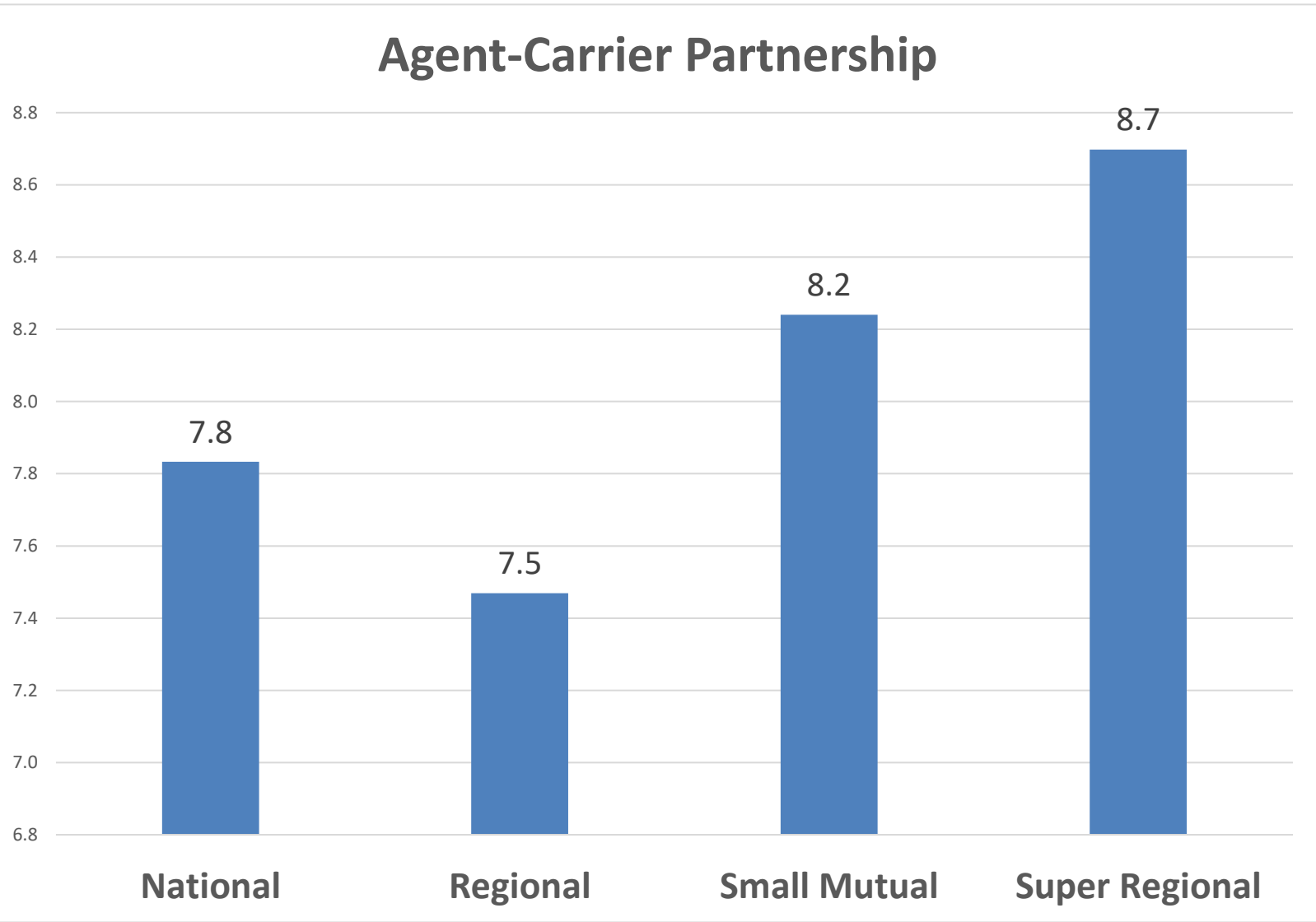
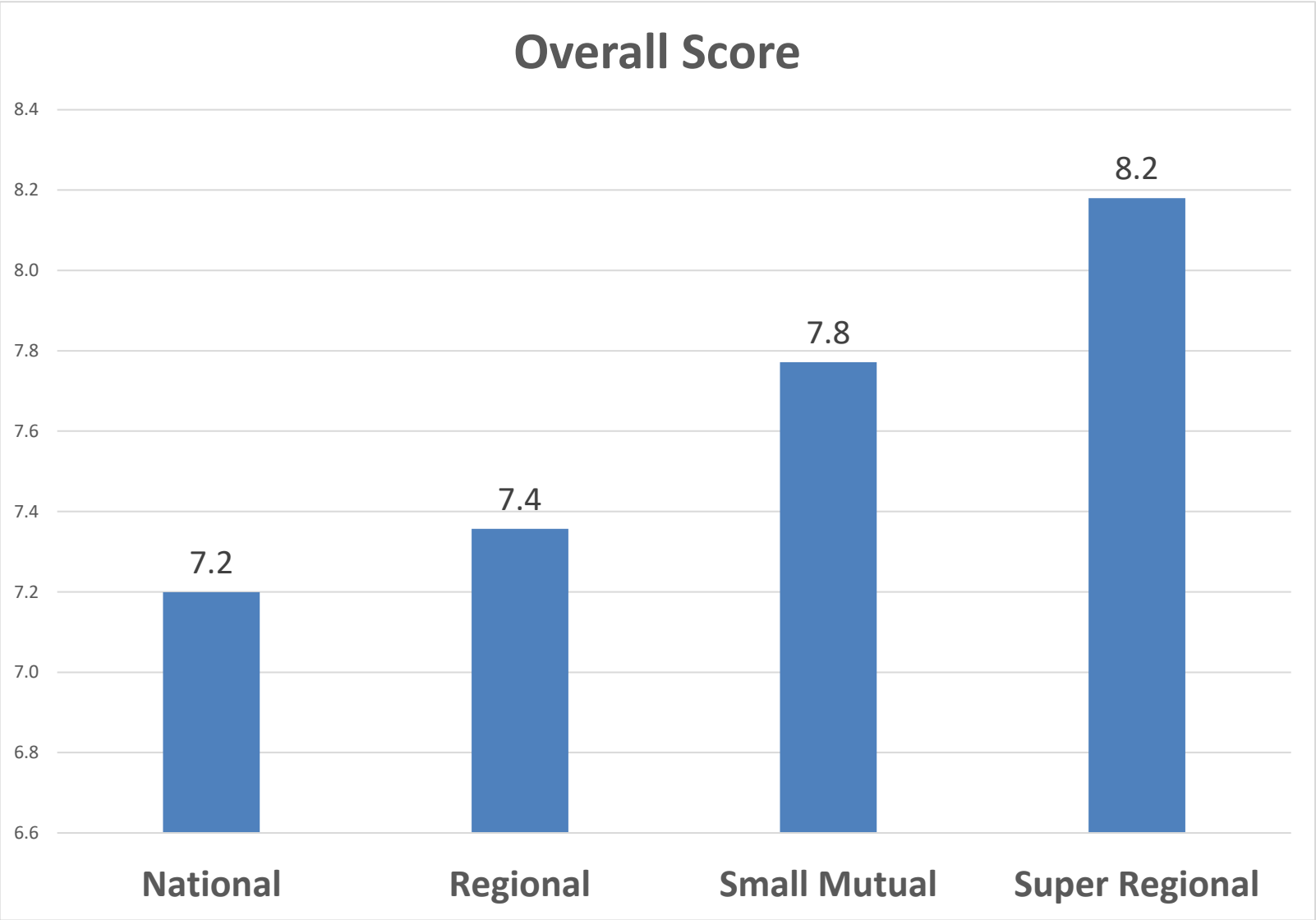
Source: OIA Carrier Satisfaction Report

Agent-Carrier Satisfaction



Source: OIA Carrier Satisfaction Report

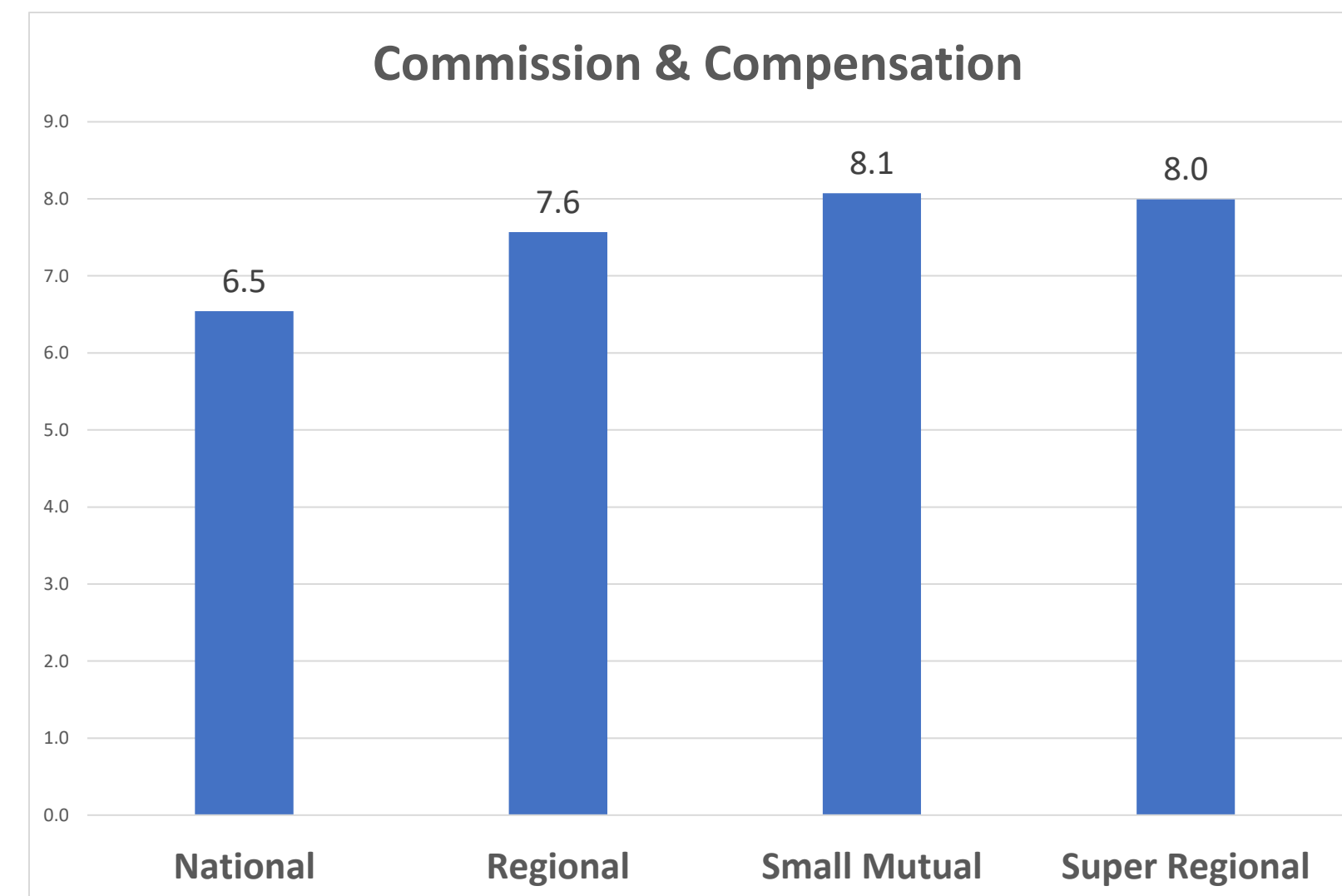
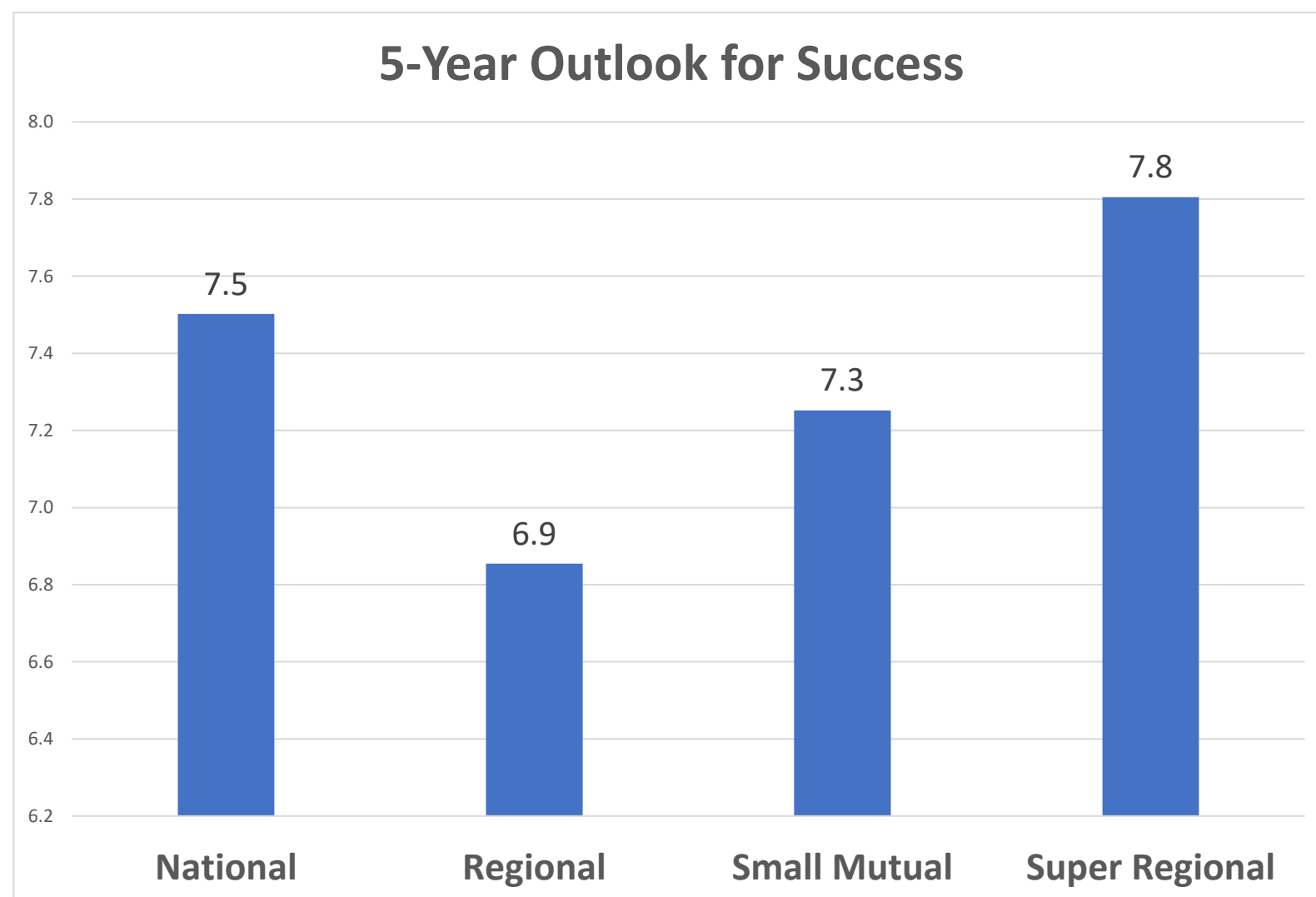
Agent-Carrier Satisfaction



Source: OIA Carrier Satisfaction Report

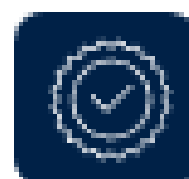


Agent-Carrier Satisfaction



Source: OIA Carrier Satisfaction Report

Agent-Carrier Satisfaction



**Super
Regional**

**Setting the
Standard**

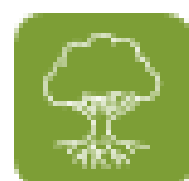
Super Regionals continue to perform well in 2028. Over the four-year period, results are generally steady rather than showing dramatic movement



**Small
Mutual**

**Relationship strengths
remain emphasis**

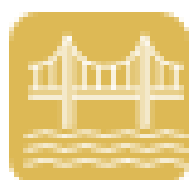
Agents continue to value Small Mutual accessibility and relationships, while competitiveness and technology remain areas to watch how this affects 5-Year Success Outlook.



Regional

**Getting back to roots but
still a long way to grow**

Agents are showing improved sentiment across partnership, competitiveness, compensation, underwriting, and claims. Technology remains a more mixed area.

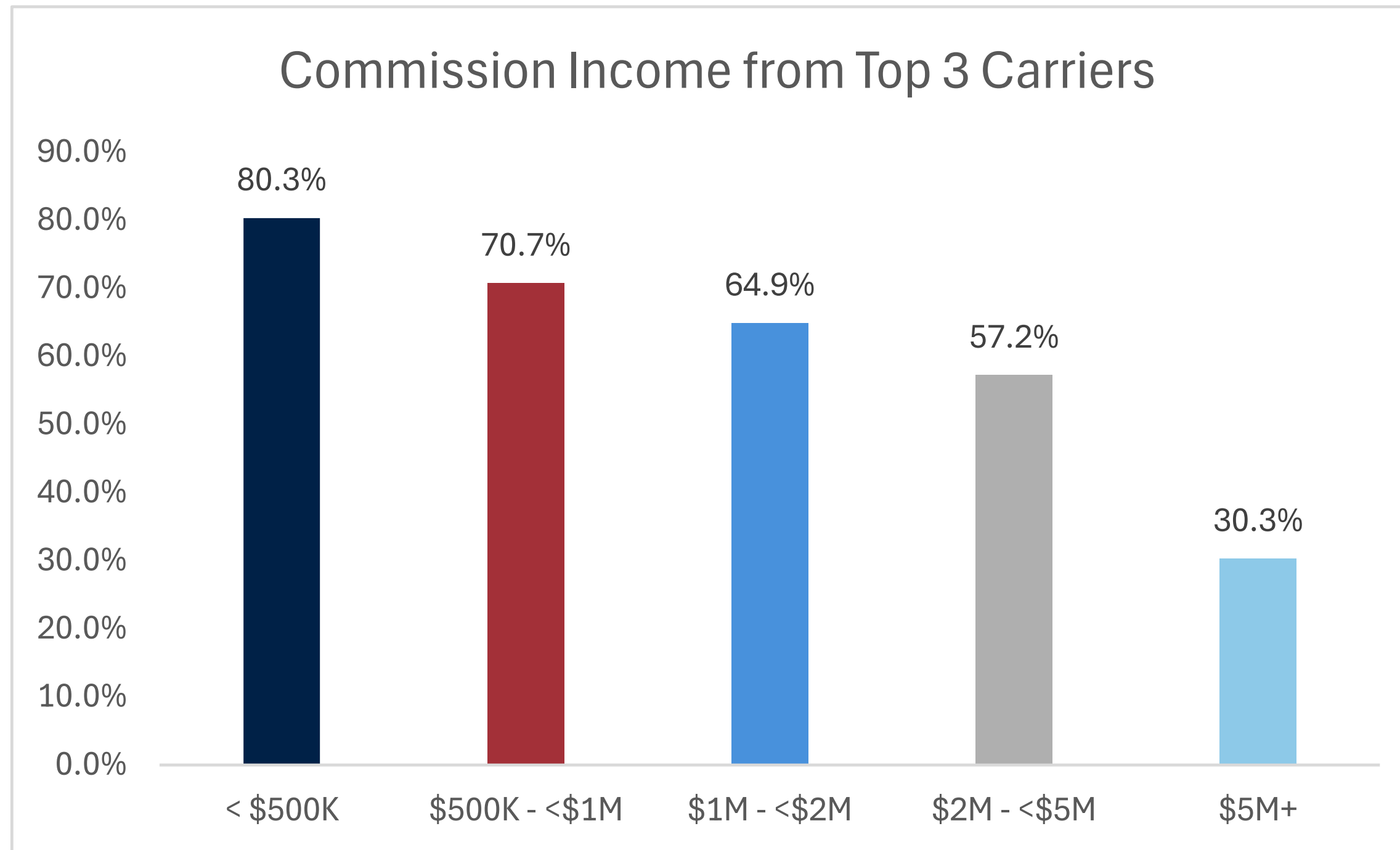


National

**Competitive strengths,
with relationship
opportunities**

National carriers show strength in competitiveness, while partnership, company management and relationships continue to present opportunities.

Lead Carrier Relationships



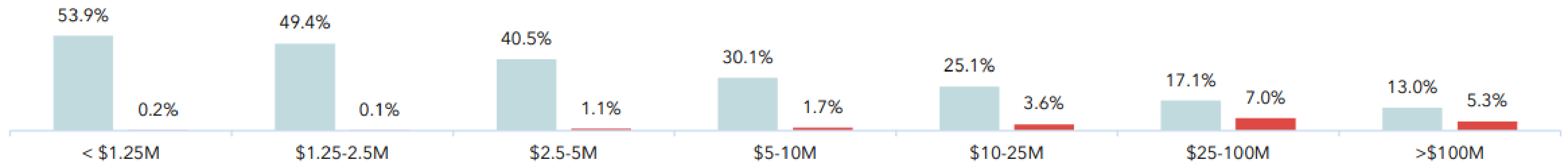
Source: IA Valuations

Lead Carrier Relationships



Commission Income from Top 3 Carriers

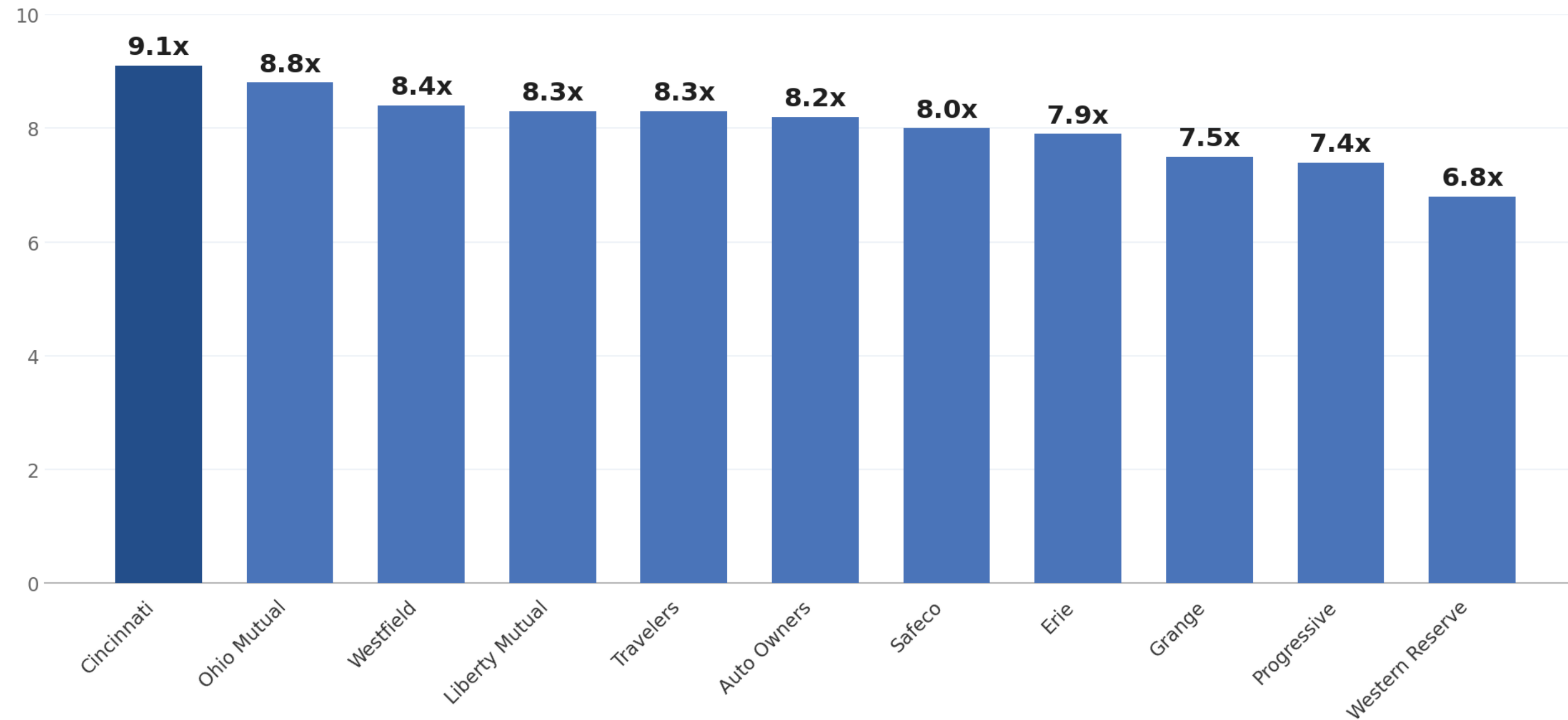
■ P&C ■ L/H/F



Source: Big I and Reagan Best Practices

Lead Carrier Relationships

Carrier Ranking by Agency EBITDA Valuation Multiple



Source: IA Valuations

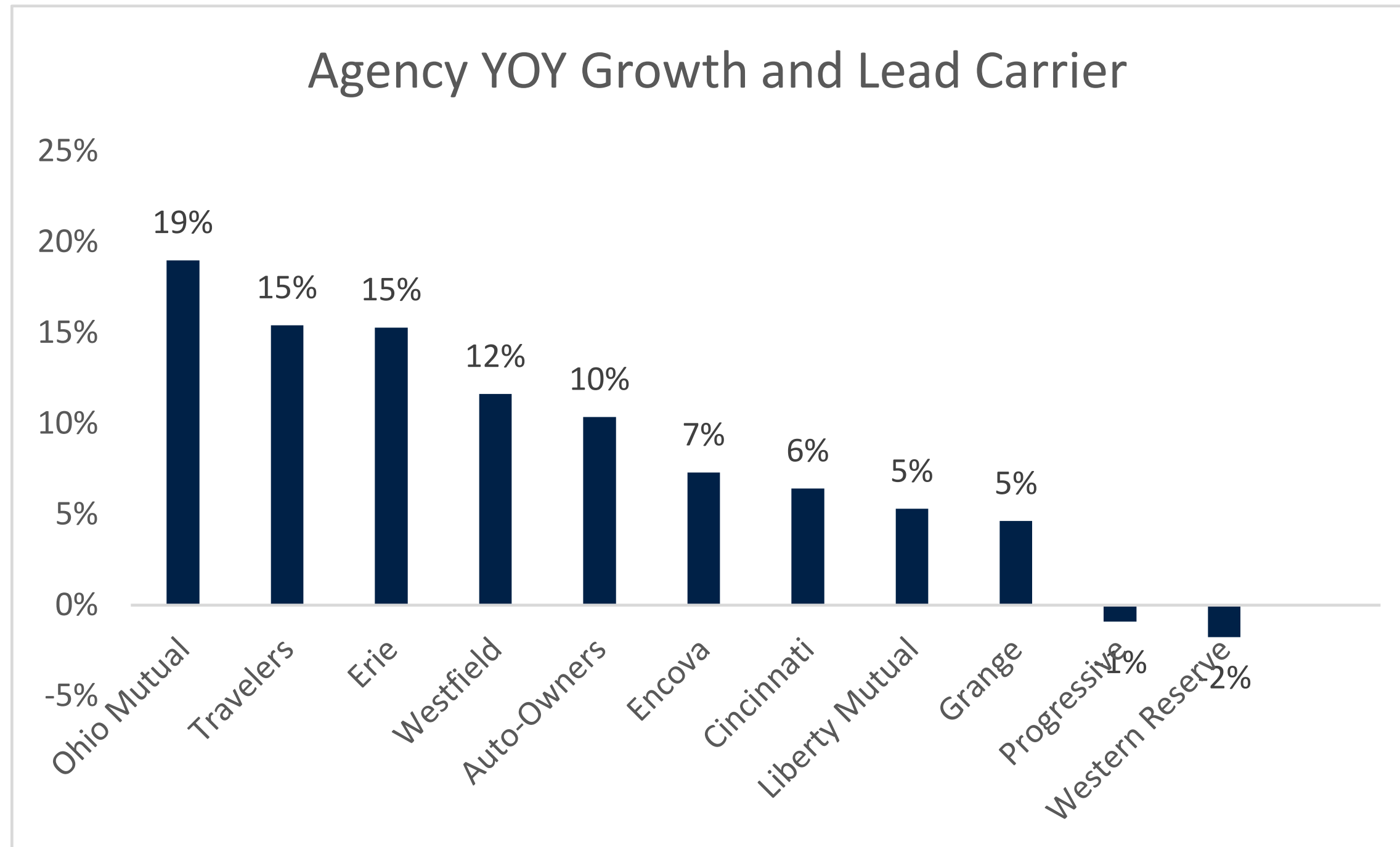
Lead Carrier Relationships



Average Commercial and Personal Lines Split by Lead Carrier		
Carrier	Total Average of Commercial Lines %	Total Average of Personal Lines %
Liberty Mutual	46.7%	53.3%
Cincinnati	45.6%	54.3%
Travelers	43.7%	56.3%
Westfield	41.2%	58.3%
Erie	34.0%	66.0%
Ohio Mutual	33.8%	66.2%
Auto-Owners	27.3%	67.6%
Progressive	24.0%	54.7%
Grange	12.3%	86.5%
Western Reserve	11.0%	89.0%

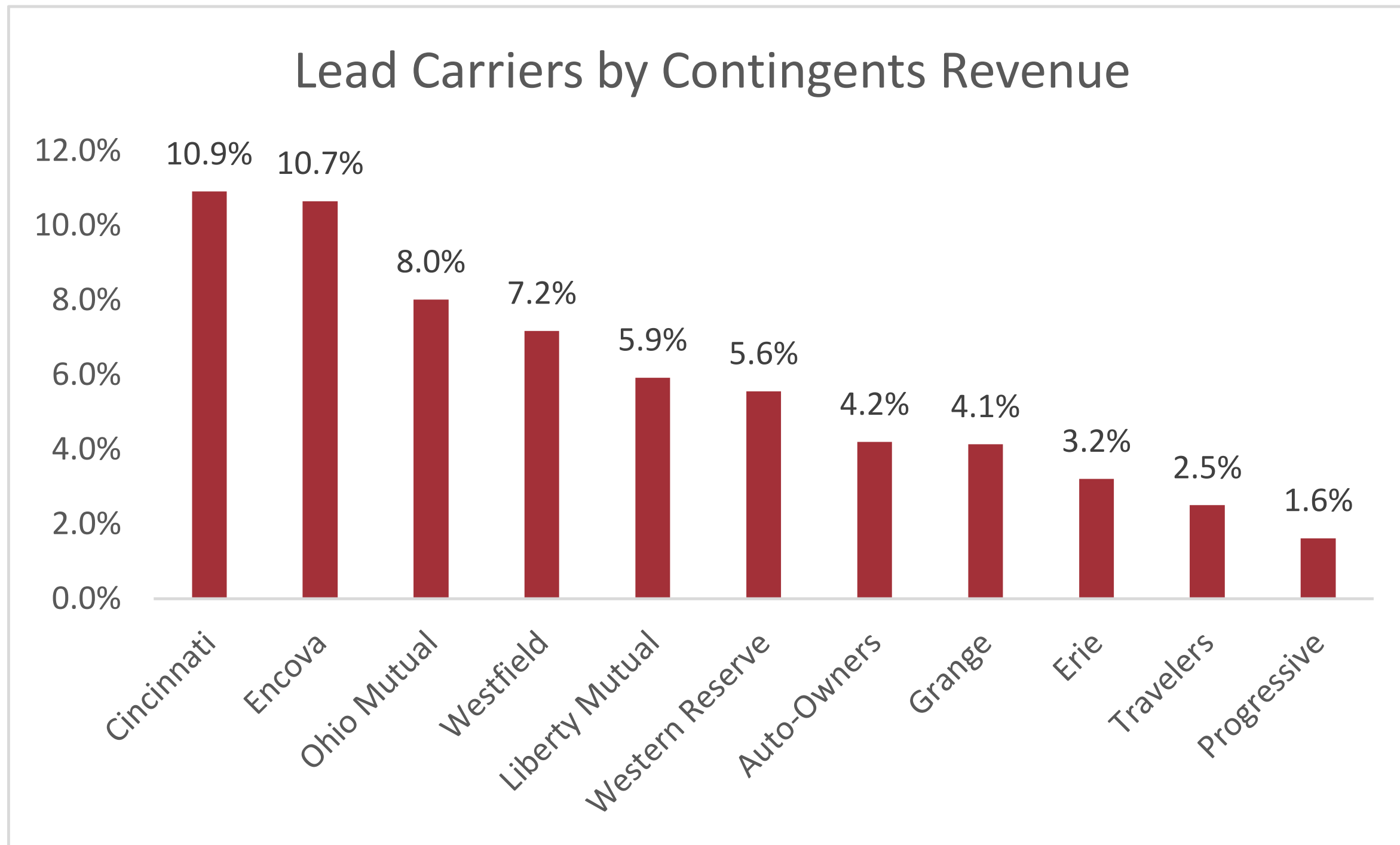
Source: IA Valuations

Lead Carrier Relationships



Source: IA Valuations

Lead Carrier Relationships



Source: IA Valuations

Agent-Carrier Satisfaction



FOR AGENTS

FOR CARRIERS

1. Double Down on Super Regionals.

Agents LOVE Super Regionals as their #1 carrier. If you don't have one of the staples, they are likely appointing and you should consider how it fits in your agency and helps you grow your agency value.

2. Balance Your Book with Small Mutuals.

Ohio is rich with Small Mutuals. They are loyal, deeply committed to the IA channel, and still value relationships. You will be happy with a balanced book with 1 – 3 Small Mutual options.

3. Keep the Faith with Regionals.

Regional carriers are an important foundation for the IA system. The P&C marketplace needs this layer of carrier if we want to avoid becoming the health insurance marketplace. Push the regionals to reinvest in their culture and roots that once made them great.

4. Invest in Organic Growth

With a soft market, organic growth is going to be increasingly more difficult. It will be much harder to hide from your carrier partners if you are not proactively growing. Invest in unvalidated producers to grow.

5. Have an Active Relationship with AI

An agent once said, “it’s not that the big will eat the small, rather it is the fast will eat the slow.” Be sure to push your team to explore technological solutions that help you become more efficient and grow.

1. Invest in Privately Held Retail Agencies.

The agent-broker landscape is being consolidated by the high volume of M&A activity. This is in part being driven by carrier relationship and compensation decisions favoring aggregation and consolidation.

2. Happy Agents = Growing Carriers.

The data shows that the fastest Ohio P&C carriers are those with highest YOY agent satisfaction scores. Invest in your agency relationships and outgrow the competition.

3. Stay Consistent with Underwriting.

Every carrier had to make difficult decisions during the hard market; however, those that communicated effectively and stayed consistent with their risk appetite and underwriting process were rewarded with profitable growth.

4. Share Your Profit.

Some carriers are restructuring their profit-sharing plans to make it harder for agents to share in the profit they helped bring to the carrier. This is a mistake. Growth requirements are a reasonable addition to the equation, making the formula an Einstein solvable problem is not. Keep it simple.

5. Train Your Staff To Pick Up the Phone.

It is difficult to have a meaningful business relationship with a marketing rep, claims rep or underwriter if everything is done via email. Pick up the phone and build relationships.



Impact on Agency Value

Lead Carrier Relationships

- Partnership/Relationship
- Franchise Value
- Compensation and Profit Sharing
- Consistency in Underwriting
- Competitiveness
- Risk Appetite
- Brand Awareness and Co-op program

Lead Carrier Relationships

Opportunities

- Develop a Strong Relationship – Ride or Die
- Maximize compensation, profit sharing, incentive trips
- Have influence with the carrier leadership
- Take advantage of brand awareness, reputation

Risks

- If the carrier is struggling, your agency is going to feel it.
- Carrier changes culture, distribution options, claims experience, you have to explain this to your client
- Risk appetite changes, turns off new business, your agency has the same experience

General rule of thumb is to have no more than 25% of your book with any one carrier or less than 8%. This will all depend on agency size.



Impact on Perpetuation

Perpetuation



- While Agents own the expirations, carriers draft the agency agreements in a manner that typically restricts assignability rights of the agent. This limits marketability and therefore discounts agency valuation.

Perpetuation



Tips For Lead Carriers

- Require Agencies to have written perpetuation plans. Succession planning takes 5 – 7 years. Build a perpetuation plan score into your relationship metric.
- Have a documented discussion annually.
- Provide support for IAs to perpetuate – invest in workshops, consulting, education.
- Share success stories – make it clear what your preferred method of perpetuation is.

Perpetuation



Tips For Agents

- Know your perpetuation options based on your lead carrier mix.
- Develop a written perpetuation plan.
- Have a contingency buy-sell agreement.
- Have a spreadsheet breakdown of your agency agreements and the carrier requirements/restrictions around perpetuation.
- Push your carriers to support/fund your perpetuation plans – particularly internal.
- Ask your carriers what they are doing to support privately held IAs.



How to Vet Lead Carrier Relationships

Vetting Carrier Partners

1. Understand volume requirements to keep the appointment and meet profit sharing.
2. Establish transparent and mutually agreed upon growth expectations through short and mid-term planning discussions.
3. Understand their philosophy on perpetuation
 - Do they have an open market or limit options
4. How does the carrier treat privately held independent agencies – are they pushing towards aggregation/consolidation of relationships

3 Final Insights to consider With Carrier Relationships

Choosing your leader carrier partners in your agency is one of the most important decisions you will make so choose wisely. The right carrier mix can have a meaningful impact on your agency's growth, retention, profitability and value. Pick partners that equally value the relationship. Read the agency agreement closely.

3 Final Insights to consider With Carrier Relationships

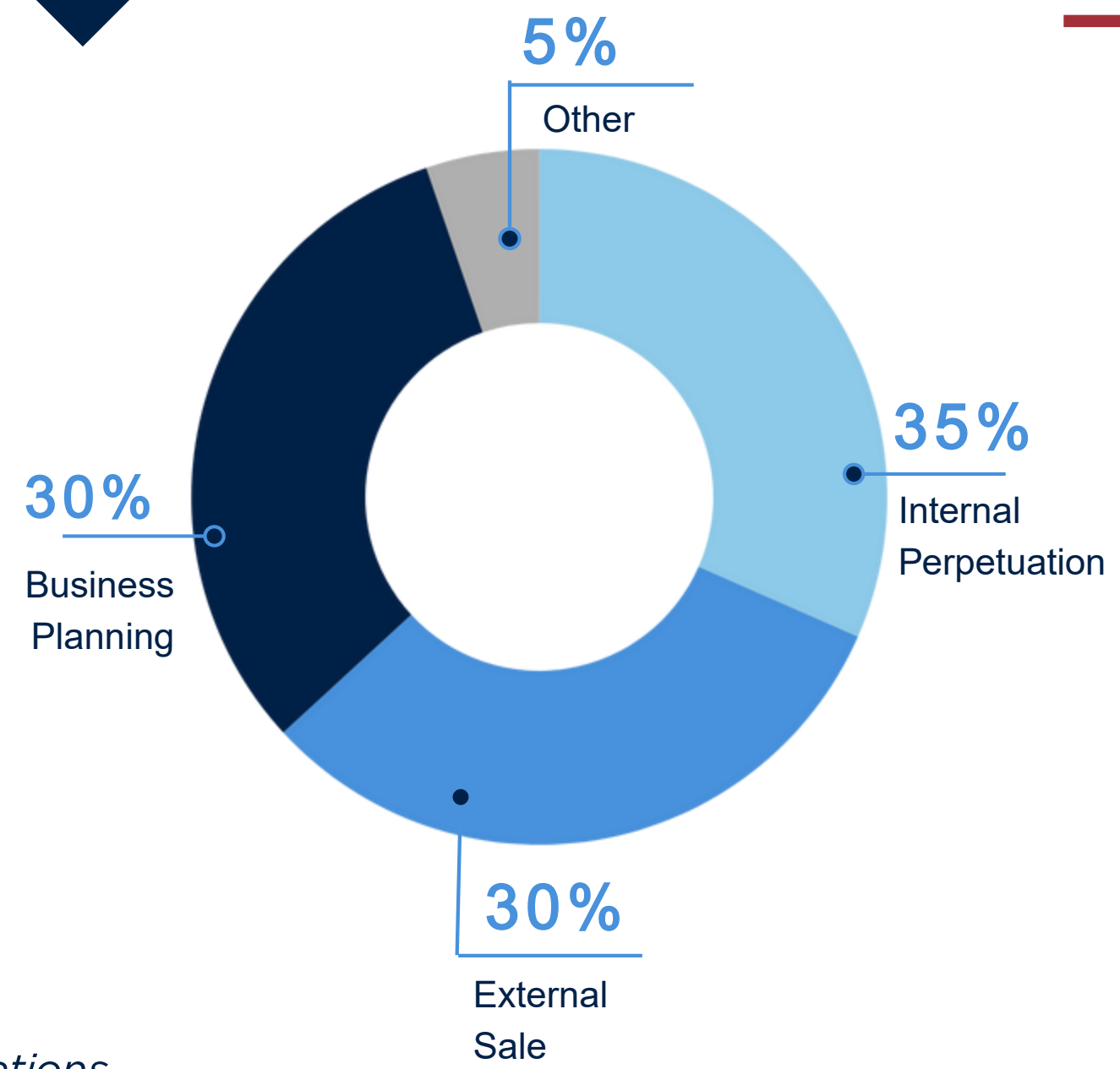
The IA Business model is undergoing fundamental realignment – consolidation driven by PE infusion, networks and massive owner retirements. Many carriers are figuring out the changing dynamics of the distribution system on the fly. Agents should push carriers to treat all agency structures equally otherwise the distribution system will further consolidate.

3 Final Insights to consider With Carrier Relationships

There are risks and rewards with putting a majority of your business with one carrier. Understand those and business plan around them. Grow intentionally with each carrier partner you bring into your agency. Use financial modeling to project out what your agency-carrier make up will look like in 3-5-10 years. If the agency sale is an important part of your retirement portfolio, understand the discounts, risks and rewards that come with each book of business.

OUR EXPERIENCE AND EXPERTISE

We have conducted more than 350+ valuations, and have gathered robust insights.



KEY METRICS

MULTIPLE RANGE

AVG HIGH 7.6



\$500k - \$1M REVENUE

AVG LOW 7.3

AVERAGE AGENCY



AVG PRETAX PROFIT

20.2%

AVG 2-YR GROWTH

14.3%

AVG EBITDA

19.6%

LET'S HEAR IT FROM YOUR PEERS

Don't just take it from us, hear from your peers on the importance of having a valuation and the value it has created for their agency and operations.

“I am so grateful for the expertise, knowledge, and trust Jeff and the Agency Link team provided in this process. I am an insurance advisor that manages risk for a living, this process was completely foreign to me so I knew having an advisor would be paramount to making it successful. Engaging Jeff and Agency Link was the absolute right decision for me. They provided clarity and confidence to get me through the process. They took the time to truly understand my needs and my priorities with the process. They got me several offers, helped me consider them in an objective way, and reach the best decision for my clients, agency, staff, family, and me.”

- Mark Allen, Webster Agency, Peru, IN



“The IA Valuations Fair Market Value Report is going to be a guiding document for our agency. The team was very helpful throughout the entire process, and their work speaks for itself. A word of advice to other independent agents: if you’ve thought about getting a valuation completed, consider IA Valuations for the job. Their pricing is fair and we are satisfied with the product and service they’ve delivered.”

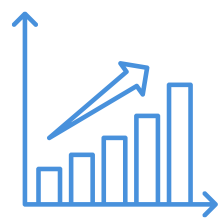
- Kelley Culley, Reno Insurance Agency, Miamisburg, OH

WHY GET A VALUATION?

You wouldn't leave money on the table anywhere else...so why would you do it with your agency? Basing your agency value on industry folklore can be costly. Simply believing that your agency is worth some multiple of revenue (2x) could be an expensive mistake and we have the research to prove it! So many factors go into a true calculation of agency value. Don't guess at your agency's value. Get a professional analysis and complete a valuation that only the experienced team at OIA can provide.

Here are just a few reasons why you should get started with a valuation:

Desired Growth



You have growth ideas but no plan. Start your planning by understanding where you are. Gain an analysis and insights on how to optimize your agency value, growth opportunities, and risk factors.

Planning for Your Next Chapter



Understanding what your agency is worth will strengthen your position in your negotiations with prospective partners and buyers. So much goes into what your agency is worth. Don't sell yourself short on your life's work.

Agency Ownership Transition



For agencies that plan to transition ownership, an annual valuation and plan will ensure that you are on track to transfer your business for the value and manner in which best suits your clients, legacy, family, and team.

MEET OUR TEAM OF VALUATION EXPERTS



Craig Niess, CVA, MBA; *Director of Business Planning & Valuation*

Craig is IA Valuations' seasoned Business Planning and Valuation Director. With more than a decade of financial and operational consulting experience with independent agents and brokers, he has spent most of his career specializing in valuations and perpetuation planning. Craig joined OIA in 2017 and has performed more than 250 valuations in his career. Craig holds a BA in Economics from Ohio Wesleyan University, an MBA in Finance from the University of Iowa, and earned the prestigious Certified Valuation Analyst designation (CVA). Craig's experience, expertise, and specialization in independent insurance agencies and brokers make him an invaluable asset for agency owners across the country.



Jeff Smith, JD, CIC, CAE; *Chief Executive Officer*

Jeff Smith serves as Chief Executive Officer for Ohio Insurance Agents Association (OIA) and IA Valuations. As CEO of IA Valuations, Smith has consulted and reviewed over 200 agency valuations for independent agents across the US. Smith provides insights into the agency's operations, risk factors and legal guidance on how to perpetuate and maximize value in a sale. Smith graduated with honors from Kent State University and Capital University Law School with a concentration in government relations. He is a licensed P&C insurance agent, Certified Insurance Counselor Designee, Attorney and Certified Association Executive. Smith is an active member of the Ohio State Bar Association Insurance Committee, Ohio Society of Association Executives and Ohio Lobbying Association.



Jarod Steed, *Business Planning & Valuation Analyst*

Jarod Steed is the business planning and Valuation analyst for the IA Valuations team. A graduate of The Ohio State University, he holds a bachelor's degree in business administration with a specialization in finance and a minor in economics. Jarod's work background includes accounting and operations analysis in the Insurtech industry. He has a passion for delivering insightful numbers and thoughtful analysis. The newest member of the IA Valuations team, Jarod looks forward to working closely with independent insurance agents in the valuation, consulting, and M&A space.



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Questions? Comments?

TALK TO US!



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FOR ATTENDING!

