



AGENCY CONSULTING GROUP

Consultants to the Insurance Agency Industry

2017 Annual Composite Group Edition ACG

AGENCY CONSULTING GROUP, INC.								
2016/2017 COMPOSITES OF AGENCY OPERATIONS								
COMPOSITES	GROUP 1		GROUP 2		GROUP 3		GROUP 4	
ACG 2013/14	< \$1 MILLION		\$1MM-\$2MM		\$2MM-\$3MM		> \$3 MILLION	
REVENUES								
P-C COMMISSIONS	\$841,842	93.8%	\$1,711,187	90.4%	\$2,586,339	89.1%	\$7,287,649	82.1%
CONTINGENTS	\$22,891	2.6%	\$82,360	4.4%	\$147,409	5.1%	\$491,355	5.5%
FEES	\$180	0.0%	\$17,040	0.9%	\$37,363	1.3%	\$93,511	1.1%
LIFE & HEALTH	\$24,596	2.7%	\$80,466	4.3%	\$124,933	4.3%	\$1,003,402	11.3%
INVESTMENTS	\$718	0.1%	\$1,136	0.1%	\$5,254	0.2%	\$3,730	0.0%
MISCELLANEOUS	\$7,451	0.8%	\$1,041	0.1%	\$2,189	0.1%	\$799	0.0%
GROSS REVENUES	\$897,678	100.0%	\$1,893,230	100.0%	\$2,903,487	100.0%	\$8,880,445	100.0%
COMMISSION EXPENSE	\$60,863	6.8%	\$50,173	2.7%	\$24,519	0.8%	\$103,901	1.2%
NET REVENUE	\$836,815	93.2%	\$1,843,057	97.3%	\$2,878,968	99.2%	\$8,776,544	98.8%
EXPENSES								
COMPENSATION								
EXEC/SALES	\$265,270	31.7%	\$608,209	33.0%	\$907,194	31.5%	\$2,576,354	29.4%
OFFICE	\$160,668	19.2%	\$402,708	21.9%	\$609,400	21.2%	\$1,852,816	21.1%
TOTAL PAYROLL	\$425,939	50.9%	\$1,010,917	54.9%	\$1,516,594	52.7%	\$4,429,171	50.5%
EMPL COSTS	\$126,777	15.2%	\$245,311	13.3%	\$364,834	12.7%	\$1,083,991	12.4%
TOTAL COMP	\$552,716	66.1%	\$1,256,228	68.2%	\$1,881,428	65.4%	\$5,513,162	62.8%
SELLING								
T & E	\$8,536	1.0%	\$12,717	0.7%	\$25,607	0.9%	\$70,739	0.8%
AUTOMOBILE	\$9,205	1.1%	\$18,062	1.0%	\$29,060	1.0%	\$74,074	0.8%
ADV & PROMO	\$11,966	1.4%	\$28,383	1.5%	\$41,145	1.4%	\$171,230	2.0%
TOTAL SELLING	\$29,707	3.6%	\$59,162	3.2%	\$95,812	3.3%	\$316,043	3.6%
OPERATING								
OCCUPANCY	\$38,431	4.6%	\$82,016	4.5%	\$133,504	4.6%	\$391,258	4.5%
TELEPHONE	\$18,593	2.2%	\$28,014	1.5%	\$34,815	1.2%	\$149,113	1.7%
POSTAGE	\$5,893	0.7%	\$12,533	0.7%	\$17,263	0.6%	\$40,284	0.5%
OFF SUP & PRT	\$15,190	1.8%	\$21,379	1.2%	\$29,923	1.0%	\$112,076	1.3%
DUES,SUBS,CONTR	\$3,569	0.4%	\$4,239	0.2%	\$13,235	0.5%	\$32,824	0.4%
TAXES & LICENSES	\$4,731	0.6%	\$7,741	0.4%	\$10,934	0.4%	\$17,641	0.2%
INSURANCE	\$18,925	2.3%	\$36,493	2.0%	\$56,394	2.0%	\$177,725	2.0%
PRO FEES	\$12,119	1.4%	\$15,666	0.9%	\$25,032	0.9%	\$94,348	1.1%
EQUIPMENT	\$8,466	1.0%	\$18,983	1.0%	\$17,551	0.6%	\$78,638	0.9%
BAD DEBTS	\$4,067	0.5%	\$6,266	0.3%	\$7,769	0.3%	\$29,665	0.3%
OUTSIDE SERVICES	\$3,652	0.4%	\$7,004	0.4%	\$9,495	0.3%	\$41,601	0.5%
DATA PROC	\$22,245	2.7%	\$47,182	2.6%	\$69,342	2.4%	\$213,270	2.4%
EDUCATION	\$2,573	0.3%	\$7,188	0.4%	\$10,070	0.3%	\$50,026	0.6%
MISCELLANEOUS	\$2,324	0.3%	\$2,212	0.1%	\$1,726	0.1%	\$2,633	0.0%
TOTAL OPERATING	\$160,780	19.2%	\$296,916	16.1%	\$437,053	15.2%	\$1,431,103	16.3%
ADMINISTRATIVE								
DEPREC & AMORT	\$34,862	4.2%	\$99,156	5.4%	\$129,764	4.5%	\$313,410	3.6%
OFFICER'S LIFE	\$3,237	0.4%	\$9,400	0.5%	\$11,797	0.4%	\$17,992	0.2%
INTEREST	\$23,241	2.8%	\$25,987	1.4%	\$26,183	0.9%	\$109,882	1.3%
OTHER	\$913	0.1%	\$2,212	0.1%	\$575	0.0%	\$3,862	0.0%
TOTAL ADMIN.	\$62,254	7.4%	\$136,755	7.4%	\$168,319	5.8%	\$445,146	5.1%
TOTAL EXPENSES	\$805,457	96.3%	\$1,749,061	94.9%	\$2,582,612	89.7%	\$7,705,455	87.8%
PRE-TAX PR/LOSS	\$31,358	3.7%	\$93,996	5.1%	\$296,356	10.3%	\$1,071,089	12.2%
EMPLOYEES-AVG #	6.1		15.8		23.2		60.1	
REVENUE/EMPLOYEE	137,861		116,575		124,019		145,972	
COMP/EMPLOYEE	91,057		79,458		81,096		91,695	
SPREAD	46,804		37,118		42,923		54,277	
PRE TAX PROF./EMPL	5,166		5850		12,700		17,814	

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CONTINGENCIES AS A PERCENTAGE OF PRIOR YEAR P&C COMMISSIONS

The Contingency Ratio

TABLE 1

Composite Group	Size	2017	2016	2015	2014	2013
1	< \$1 Million	3.4%	2.8%	3.0%	2.8%	2.7%
2	\$1 - \$2 Million	4.7%	4.9%	4.8%	4.2%	4.7%
3	\$2 - \$3 Million	5.8%	5.7%	5.9%	6.2%	5.6%
4	> \$3 Million	6.8%	6.9%	6.4%	6.9%	6.4%

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2017 Gross Profitability Relativity

Table 2 demonstrates the Gross Profitability Relativity. Agency Profitability is defined as the combination of Gross Profit and compensation to the owners. In many agencies the owners are also producers, so we historically ask for Owners and Producers compensation together to define the total compensation taken by the agency owners. That, combined with Pre-Tax Profit, defines the agency's Gross Profitability Relativity which can be tracked from year-to-year.

If you would like to track your own agency Gross Profitability, take all forms of compensation to owners, any additional benefits to owners that are not given to all other employees, and pre-tax profit. Then build a history of those amounts as a percentage of Revenue. Revenue is defined as Gross Revenue net of commissions paid to brokers who place business that they own through the agency and for which the agency responds with a percentage of the commission to those brokers. Compare these percentages over time and determine if they are growing, steady or declining as a return to the owners for the agency's income.

GROSS PROFITABILITY RELATIVITY TABLE 2
 % OF NET REVENUES

	2017	2016	2015	2014	2013		2017	2016	2015	2014	2013
GROUP 1						GROUP 3					
EXEC/SALES	31.56%	31.70%	31.60%	31.50%	31.95%	EXEC/SALES	31.50%	31.53%	31.55%	31.57%	31.62%
P-T PROFIT	2.30%	3.53%	4.33%	4.62%	3.48%	P-T PROFIT	10.51%	10.24%	10.57%	10.51%	10.46%
GR PROFIT REL	33.86%	35.23%	35.93%	36.13%	35.43%	GR PROFIT REL	42.01%	41.77%	42.12%	42.08%	42.08%
GROUP 2						GROUP 4					
EXEC/SALES	32.87%	33.00%	32.88%	33.10%	32.85%	EXEC/SALES	29.30%	29.36%	29.56%	29.51%	29.57%
P-T PROFIT	5.80%	5.10%	5.21%	6.15%	6.09%	P-T PROFIT	12.11%	12.20%	11.73%	11.54%	11.57%
GR PROFIT REL	38.67%	38.10%	38.09%	39.25%	38.94%	GR PROFIT REL	41.41%	41.56%	41.29%	41.05%	41.14%

GROSS PROFIT = EXEC/SALES COMPENSATION + PRE TAX PROFITS

2017 Productivity Factors Explanation

INSURANCE AGENCY – PRODUCTIVITY FACTORS

Many agents have chosen to measure their productivity in terms of Revenue per Employee assuming that growth in that measure alone is a valid indicator of productivity advances. Agency Consulting Group, Inc. uses three integral measures of productivity and suggests that insurance agencies measure productivity similarly.

1. Revenue Per Employee – measures productivity based on agency Net Revenue after paying brokers for non-owned business placed through the agency and number of employees. This would be valid as a point of comparison if premiums and commissions were the same across the country and if employees were generally paid at the same rate. Unfortunately, none of these assumptions are true. Premiums vary by region and population concentration. Commission rates, that used to be fairly standard, are now showing signs of flexibility based on the profitability of a region. And we all know that the cost of employees varies tremendously between the urban areas and rural areas. So, while Revenue per Employee may be a valid gauge of specific agency performance, it should not be used as a raw comparative calculator against a peer group.
2. Compensation per Employee – measures the changes in cost of living, personnel compression issues, and availability of skilled labor. Besides the efficiencies being generated by automation and automated marketing, compensation is the largest and most stable growing cost of an agency.
3. Spread – is the difference between Revenue Per Employee and Compensation per Employee. Spread measures the non-compensation expense dollars available to an agency to spend on overhead and profit. Spread is the best general measure of productivity since agencies must pay for employees and only have control over their overhead costs to generate profits.

Revenue Per Employee is a good gauge of year-to-year productivity gains in a specific agency. Compensation per Employee must be measured against revenue per employee to measure whether the agency is gaining ground, just supporting increased personnel costs, or losing ground in the race for fair profits. Spread is the best gauge of your agency's performance versus that of your peer groups. Consider maintaining these three measures every year to properly measure your agency's progress.



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AGENCY CONSULTING GROUP PRODUCTIVITY -- TABLE 3

	GROUP 1 GROSS REVENUE < \$1 MILLION		
	2017	2016	% CHANGE
# EMPLOYEES	6.02	6.07	-0.8%
REVENUE PER EMPLOYEE	\$143,727	\$137,861	4.3%
COMPENSATION PER EMPLOYEE	\$97,002	\$91,057	6.5%
SPREAD	\$46,726	\$46,804	-0.2%

	GROUP 2 GROSS REV \$1 MM - \$2MM		
	2017	2016	% CHANGE
# EMPLOYEES	15.9	15.8	0.4%
REVENUE PER EMPLOYEE	\$116,055	\$116,575	-0.4%
COMPENSATION PER EMPLOYEE	\$79,138	\$79,458	-0.4%
SPREAD	\$36,917	\$37,118	-0.5%

	GROUP 3 GROSS REV \$2 MM - \$3MM		
	2017	2016	% CHANGE
# EMPLOYEES	22.9	23.2	-1.3%
REVENUE PER EMPLOYEE	\$127,181	\$124,019	2.5%
COMPENSATION PER EMPLOYEE	\$82,821	\$81,096	2.1%
SPREAD	\$44,361	\$42,923	3.4%

	GROUP 4 GROSS REV >\$3 MM		
	2017	2016	% CHANGE
# EMPLOYEES	59.68	60.13	-0.7%
REVENUE PER EMPLOYEE	\$147,060	\$145,972	0.7%
COMPENSATION PER EMPLOYEE	\$92,663	\$91,695	1.1%
SPREAD	\$54,398	\$54,277	0.2%

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HISTORICAL PRODUCTIVITY - TABLE 4

GROUP ONE	2017	2016	2015	2014	2013	2012	2011	2010
# EMPLOYEES	6.02	6.07	6.18	6.28	6.34	6.33	6.56	6.79
REVENUE/EMPL	\$143,727	\$137,861	\$134,312	\$130,962	\$128,295	\$125,227	\$113,613	\$107,855
COMPENS/EMPL	\$97,002	\$91,057	\$87,974	\$85,295	\$85,188	\$83,176	\$75,382	\$71,623
SPREAD	\$46,726	\$46,804	\$46,338	\$45,666	\$43,107	\$42,051	\$38,231	\$36,232

GROUP TWO	2017	2016	2015	2014	2013	2012	2011	2010
# EMPLOYEES	15.88	15.81	15.74	15.89	16.33	16.60	16.80	17.11
REVENUE/EMPL	\$116,055	\$116,575	\$114,362	\$111,996	\$114,187	\$107,441	\$101,396	\$98,085
COMPENS/EMPL	\$79,138	\$79,458	\$77,617	\$74,847	\$76,025	\$71,760	\$67,793	\$65,554
SPREAD	\$36,917	\$37,118	\$36,744	\$37,149	\$38,161	\$35,681	\$33,603	\$32,532

GROUP THREE	2017	2016	2015	2014	2013	2012	2011	2010
# EMPLOYEES	22.90	23.20	22.90	23.10	23.38	24.00	24.03	23.95
REVENUE/EMPL	\$127,181	\$124,019	\$126,268	\$124,762	\$118,249	\$120,373	\$117,042	\$119,291
COMPENS/EMPL	\$82,821	\$81,096	\$81,708	\$80,684	\$76,531	\$78,267	\$76,159	\$78,655
SPREAD	\$44,361	\$42,923	\$44,560	\$44,078	\$41,718	\$42,107	\$40,883	\$40,637

GROUP FOUR	2017	2016	2015	2014	2013	2012	2011	2010
# EMPLOYEES	59.68	60.13	61.50	61.85	62.85	64.34	65.34	67.35
REVENUE/EMPL	\$147,060	\$145,972	\$138,408	\$136,489	\$129,129	\$128,089	\$120,359	\$125,214
COMPENS/EMPL	\$92,663	\$91,695	\$87,599	\$86,561	\$81,958	\$82,476	\$77,572	\$78,783
SPREAD	\$54,398	\$54,277	\$50,810	\$49,928	\$47,171	\$45,612	\$42,788	\$46,431

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COMPOSITE GROUP 1

NET REVENUE < \$1,000,000

2017 AVG. NET REVENUE	\$865,239
2016 AVG. NET REVENUE	\$836,815
2015 AVG. NET REVENUE	\$830,049
2014 AVG. NET REVENUE	\$822,440
2013 AVG. NET REVENUE	\$813,389

INCOME (% OF GROSS)	Your Agency \$	Your Agency %	2017	2016	2015	2014	2013
P&C COMMISSION			94.0%	93.8%	93.6%	94.3%	94.1%
CONTINGENTS			3.1%	2.6%	2.8%	2.6%	2.5%
FEES			0.0%	0.0%	0.0%	0.0%	0.0%
LIFE & HEALTH			2.1%	2.7%	2.8%	2.9%	3.2%
INVESTMENT			0.1%	0.1%	0.1%	0.1%	0.2%
MISCELLANEOUS			0.7%	0.8%	0.8%	0.1%	0.1%
GROSS REVENUE			100.0%	100.0%	100.0%	100.0%	100.0%
COMM. EXPENSE			7.1%	6.8%	6.2%	6.7%	6.8%
NET REVENUE			92.9%	93.2%	93.8%	93.3%	93.2%
EXPENSES(% OF NET REV)			2017	2016	2015	2014	2013
COMPENSATION							
EXEC/SALES			31.6%	31.7%	31.6%	31.5%	32.0%
OFFICE			19.2%	19.2%	19.2%	19.0%	20.0%
SUB-TOTAL			50.7%	50.9%	50.8%	50.5%	52.0%
COST OF EMPLOYMENT			16.8%	15.2%	14.7%	14.6%	14.5%
TOTAL			67.5%	66.1%	65.5%	65.1%	66.4%
SELLING							
T&E			1.0%	1.0%	1.1%	1.1%	1.1%
AUTO			1.1%	1.1%	1.1%	1.2%	1.1%
ADV&PROMO			1.4%	1.4%	1.5%	1.6%	1.3%
TOTAL			3.4%	3.6%	3.7%	3.8%	3.6%
OPERATING COSTS							
OCCUPANCY			4.6%	4.6%	4.6%	4.7%	4.7%
TELEPHONE			2.2%	2.2%	2.3%	2.2%	2.3%
POSTAGE			0.7%	0.7%	0.7%	0.7%	0.8%
PRINT/STATION./OFF SUPP.			1.9%	1.8%	1.9%	1.9%	1.9%
DUES,SUBSCRIP.& CONTRIB			0.4%	0.4%	0.4%	0.4%	0.4%
TAXES & LICENSES			0.6%	0.6%	0.6%	0.6%	0.5%
P&C INSURANCE			2.2%	2.3%	2.3%	2.3%	2.3%
PROFESSIONAL FEES			1.4%	1.5%	1.6%	1.6%	1.6%
EQUIPMENT RENTAL & MAINT			1.1%	1.0%	1.1%	1.1%	1.1%
BAD DEBTS			0.4%	0.5%	0.6%	0.6%	0.6%
OUTSIDE SERVICES			0.4%	0.4%	0.4%	0.4%	0.5%
DATA PROCESSING			2.8%	2.7%	2.6%	2.6%	2.6%
EDUCATION			0.4%	0.3%	0.3%	0.3%	0.2%
MISCELLANEOUS			0.3%	0.3%	0.3%	0.2%	0.2%
TOTAL			19.3%	19.4%	19.5%	19.6%	19.6%
ADMINISTRATIVE							
DEPRECIATION & AMORT			4.1%	4.2%	4.2%	4.2%	4.2%
OFFICER LIFE			0.4%	0.4%	0.4%	0.4%	0.4%
INTEREST			3.0%	2.8%	2.2%	2.2%	2.2%
OTHER			0.1%	0.1%	0.1%	0.1%	0.1%
TOTAL			7.5%	7.5%	7.0%	6.9%	6.9%
TOTAL EXPENSE			97.7%	96.5%	95.7%	95.4%	96.5%
PRE TAX PROFIT			2.3%	3.5%	4.3%	4.6%	3.5%
# EMPLOYEES			6.02	6.07	6.18	6.28	6.34
REVENUE/EMPL			\$143,727	\$137,861	\$134,312	\$130,962	\$128,295
COMPENS/EMPL			\$97,002	\$91,057	\$87,974	\$85,295	\$85,188
SPREAD			\$46,726	\$46,804	\$46,338	\$45,666	\$43,107

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COMPOSITE GROUP 2

NET REVENUE \$1,000,000-\$2,000,000

2017 AVG. NET REVENUE	\$1,842,960
2016 AVG. NET REVENUE	\$1,843,057
2015 AVG. NET REVENUE	\$1,800,056
2014 AVG. NET REVENUE	\$1,779,624
2013 AVG. NET REVENUE	\$1,864,666

INCOME (% OF GROSS)	Your Agency \$	Your Agency %	2017	2016	2015	2014	2013
P&C COMMISSION			90.65%	90.38%	90.57%	90.39%	90.50%
CONTINGENTS			4.29%	4.35%	4.28%	4.00%	4.02%
FEES			0.78%	0.90%	0.85%	1.06%	1.08%
LIFE & HEALTH			4.12%	4.25%	4.14%	4.35%	4.21%
INVESTMENT			0.05%	0.06%	0.08%	0.10%	0.10%
MISCELLANEOUS			0.11%	0.06%	0.08%	0.10%	0.09%
GROSS REVENUE			100.00%	100.00%	100.00%	100.00%	100.00%
COMM. EXPENSE			2.55%	2.65%	2.74%	2.84%	2.89%
NET REVENUE			97.45%	97.35%	97.26%	97.16%	97.11%
EXPENSES(% OF NET REV)			2017	2016	2015	2014	2013
COMPENSATION							
EXEC/SALES			32.87%	33.00%	32.88%	33.10%	32.85%
OFFICE			21.81%	21.85%	21.98%	21.01%	21.08%
SUB-TOTAL			54.68%	54.85%	54.86%	54.11%	53.93%
COST OF EMPLOYMENT			13.51%	13.31%	13.01%	12.72%	12.65%
TOTAL			68.19%	68.16%	67.87%	66.83%	66.58%
SELLING							
T&E			0.65%	0.69%	0.74%	0.76%	0.80%
AUTO			0.99%	0.98%	1.01%	1.00%	1.03%
ADV&PROMO			1.45%	1.54%	1.56%	1.53%	1.62%
TOTAL			3.09%	3.21%	3.31%	3.29%	3.45%
OPERATING COSTS							
OCCUPANCY			4.47%	4.45%	4.48%	4.50%	4.44%
TELEPHONE			1.48%	1.52%	1.50%	1.47%	1.48%
POSTAGE			0.62%	0.68%	0.71%	0.73%	0.79%
PRINT/STATION./OFF SUP			1.13%	1.16%	1.15%	1.17%	1.15%
DUES,SUBSCRIP.& CONTR			0.23%	0.23%	0.22%	0.22%	0.25%
TAXES & LICENSES			0.41%	0.42%	0.39%	0.41%	0.44%
P&C INSURANCE			1.96%	1.98%	2.00%	1.99%	2.03%
PROFESSIONAL FEES			0.74%	0.85%	0.90%	0.93%	0.96%
EQUIPMENT RENTAL & MA			1.01%	1.03%	1.08%	1.09%	1.07%
BAD DEBTS			0.21%	0.34%	0.36%	0.38%	0.48%
OUTSIDE SERVICES			0.37%	0.38%	0.42%	0.46%	0.44%
DATA PROCESSING			2.65%	2.56%	2.56%	2.58%	2.50%
EDUCATION			0.37%	0.39%	0.38%	0.41%	0.37%
MISCELLANEOUS			0.10%	0.12%	0.09%	0.11%	0.14%
TOTAL			15.75%	16.11%	16.24%	16.45%	16.54%
ADMINISTRATIVE							
DEPRECIATION & AMORT			4.80%	5.38%	5.43%	5.42%	5.45%
OFFICER LIFE			0.49%	0.51%	0.49%	0.47%	0.48%
INTEREST			1.64%	1.41%	1.30%	1.22%	1.19%
OTHER			0.24%	0.12%	0.15%	0.18%	0.22%
TOTAL			7.17%	7.42%	7.37%	7.29%	7.34%
TOTAL EXPENSE			94.20%	94.90%	94.79%	93.86%	93.91%
PRE TAX PROFIT			5.80%	5.10%	5.21%	6.15%	6.09%
# EMPLOYEES			15.88	15.81	15.74	15.89	16.33
REVENUE/EMPL			\$116,055	\$116,575	\$114,362	\$111,996	\$114,187
COMPENS/EMPL			\$79,138	\$79,458	\$77,617	\$74,847	\$76,025
SPREAD			\$36,917	\$37,118	\$36,744	\$37,149	\$38,161



AGENCY CONSULTING GROUP

Consultants to the Insurance Agency Industry

2017 Annual Composite Group Edition ACG

COMPOSITE GROUP 3

NET REVENUE \$2,000,000-\$3,000,000

2017 AVG. NET REVENUE	\$2,912,456
2016 AVG. NET REVENUE	\$2,877,241
2015 AVG. NET REVENUE	\$2,891,547
2014 AVG. NET REVENUE	\$2,882,004
2013 AVG. NET REVENUE	\$2,764,669

INCOME (% OF GROSS)	Your Agency \$	Your Agency %	2017	2016	2015	2014	2013
P&C COMMISSION			90.05%	89.13%	88.12%	87.86%	88.10%
CONTINGENTS			5.11%	5.05%	5.15%	5.23%	5.10%
FEES			1.19%	1.28%	1.19%	1.33%	1.19%
LIFE & HEALTH			3.45%	4.28%	5.26%	5.25%	5.24%
INVESTMENT			0.12%	0.18%	0.20%	0.24%	0.26%
MISCELLANEOUS			0.08%	0.08%	0.08%	0.09%	0.11%
GROSS REVENUE			100.00%	100.00%	100.00%	100.00%	###
COMM. EXPENSE			0.92%	0.84%	0.94%	0.98%	1.00%
NET REVENUE			99.08%	99.16%	99.06%	99.02%	99.00%
EXPENSES(% OF NET REV)			2017	2016	2015	2014	2013
COMPENSATION							
EXEC/SALES			31.50%	31.53%	31.55%	31.57%	31.62%
OFFICE			20.84%	21.18%	21.16%	21.14%	21.21%
SUB-TOTAL			52.34%	52.71%	52.71%	52.71%	52.83%
COST OF EMPLOYMENT			12.78%	12.68%	12.00%	11.96%	11.89%
TOTAL			65.12%	65.39%	64.71%	64.67%	64.72%
SELLING							
T&E			0.87%	0.89%	0.94%	0.96%	0.98%
AUTO			0.94%	1.01%	1.05%	1.05%	1.07%
ADV&PROMO			1.41%	1.43%	1.54%	1.57%	1.55%
TOTAL			3.22%	3.33%	3.53%	3.58%	3.60%
OPERATING COSTS							
OCCUPANCY			4.66%	4.64%	4.67%	4.65%	4.71%
TELEPHONE			1.16%	1.21%	1.19%	1.18%	1.16%
POSTAGE			0.57%	0.60%	0.63%	0.67%	0.74%
PRINT/STATION./OFF SUPP.			1.08%	1.04%	1.10%	1.11%	1.15%
DUES,SUBSCRIP.& CONTRIB.			0.47%	0.46%	0.45%	0.47%	0.49%
TAXES & LICENSES			0.39%	0.38%	0.38%	0.40%	0.41%
P&C INSURANCE			2.01%	1.96%	2.00%	1.97%	1.98%
PROFESSIONAL FEES			0.71%	0.87%	0.89%	0.92%	0.90%
EQUIPMENT RENTAL & MAINT.			0.56%	0.61%	0.63%	0.65%	0.61%
BAD DEBTS			0.31%	0.27%	0.24%	0.27%	0.28%
OUTSIDE SERVICES			0.31%	0.33%	0.34%	0.37%	0.38%
DATA PROCESSING			2.47%	2.41%	2.38%	2.35%	2.22%
EDUCATION			0.33%	0.35%	0.36%	0.32%	0.29%
MISCELLANEOUS			0.41%	0.06%	0.05%	0.08%	0.10%
TOTAL			15.44%	15.19%	15.31%	15.41%	15.42%
ADMINISTRATIVE							
DEPRECIATION & AMORT			4.36%	4.51%	4.58%	4.55%	4.54%
OFFICER LIFE			0.38%	0.41%	0.40%	0.41%	0.40%
INTEREST			0.95%	0.91%	0.86%	0.83%	0.81%
OTHER			0.02%	0.02%	0.04%	0.04%	0.05%
TOTAL			5.71%	5.85%	5.88%	5.83%	5.80%
TOTAL EXPENSE			89.49%	89.76%	89.43%	89.49%	89.54%
PRE TAX PROFIT			10.51%	10.24%	10.57%	10.51%	10.46%
# EMPLOYEES			22.9	23.2	22.9	23.1	23.38
REVENUE/EMPL			\$127,181	\$124,019	\$126,268	\$124,762	###
COMPENS/EMPL			\$82,821	\$81,096	\$81,708	\$80,684	\$76,531
SPREAD			\$44,361	\$42,923	\$44,560	\$44,078	\$41,718

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AGENCY CONSULTING GROUP

Consultants to the Insurance Agency Industry

2017 Annual Composite Group Edition ACG

COMPOSITE GROUP 4

NET REVENUE > \$3,000,000

2017 AVG. NET REVENUE	\$8,951,244
2016 AVG. NET REVENUE	\$8,776,544
2015 AVG. NET REVENUE	\$8,512,111
2014 AVG. NET REVENUE	\$8,441,834
2013 AVG. NET REVENUE	\$8,115,742

INCOME (% OF GROSS)	Your Agency \$	Your Agency %	2017	2016	2015	2014	2013
P&C COMMISSION			81.5%	82.1%	82.3%	82.0%	81.9%
CONTINGENTS			5.6%	5.5%	5.2%	5.5%	5.4%
FEES			1.3%	1.1%	1.2%	1.2%	1.2%
LIFE & HEALTH			11.5%	11.3%	11.2%	11.2%	11.4%
INVESTMENT			0.0%	0.0%	0.1%	0.1%	0.2%
MISCELLANEOUS			0.0%	0.0%	0.0%	0.0%	0.0%
GROSS REVENUE			100.0%	100.0%	100.0%	100.0%	100.0%
COMM. EXPENSE			1.1%	1.2%	1.1%	1.3%	1.4%
NET REVENUE			98.9%	98.8%	98.9%	98.8%	98.7%
EXPENSES(% OF NET REV)			2017	2016	2015	2014	2013
COMPENSATION							
EXEC/SALES			29.3%	29.4%	29.6%	29.5%	29.6%
OFFICE			21.05%	21.11%	21.75%	21.98%	22.0%
SUB-TOTAL			50.4%	50.5%	51.3%	51.5%	51.6%
COST OF EMPLOYMENT			12.7%	12.4%	12.0%	11.9%	11.9%
TOTAL			63.0%	62.8%	63.3%	63.4%	63.5%
SELLING							
T&E			0.8%	0.8%	0.8%	0.8%	0.9%
AUTO			0.8%	0.8%	0.9%	0.9%	0.9%
ADV&PROMO			2.0%	2.0%	1.9%	1.9%	1.9%
TOTAL			3.6%	3.6%	3.6%	3.6%	3.7%
OPERATING COSTS							
OCCUPANCY			4.4%	4.5%	4.5%	4.5%	4.5%
TELEPHONE			1.6%	1.7%	1.7%	1.7%	1.6%
POSTAGE			0.4%	0.5%	0.5%	0.6%	0.6%
PRINT/STATION./OFF SUPP.			1.3%	1.3%	1.2%	1.3%	1.2%
DUES,SUBSCRIP.& CONTRIB.			0.3%	0.4%	0.4%	0.3%	0.4%
TAXES & LICENSES			0.2%	0.2%	0.3%	0.3%	0.3%
P&C INSURANCE			2.0%	2.0%	2.0%	2.0%	2.0%
PROFESSIONAL FEES			1.2%	1.1%	1.1%	1.1%	1.0%
EQUIPMENT RENTAL & MAINT.			0.9%	0.9%	0.9%	0.9%	0.8%
BAD DEBTS			0.3%	0.3%	0.3%	0.4%	0.4%
OUTSIDE SERVICES			0.5%	0.5%	0.4%	0.5%	0.5%
DATA PROCESSING			2.5%	2.4%	2.4%	2.4%	2.4%
EDUCATION			0.6%	0.6%	0.6%	0.7%	0.7%
MISCELLANEOUS			0.0%	0.0%	0.0%	0.1%	0.1%
TOTAL			16.4%	16.3%	16.4%	16.4%	16.3%
ADMINISTRATIVE							
DEPRECIATION & AMORT			3.5%	3.6%	3.5%	3.5%	3.4%
OFFICER LIFE			0.2%	0.2%	0.2%	0.2%	0.2%
INTEREST			1.2%	1.3%	1.3%	1.3%	1.2%
OTHER			0.0%	0.0%	0.1%	0.0%	0.1%
TOTAL			5.0%	5.1%	5.0%	5.0%	5.0%
TOTAL EXPENSE			87.9%	87.8%	88.3%	88.5%	88.4%
PRE TAX PROFIT			12.1%	12.2%	11.7%	11.5%	11.6%
# EMPLOYEES			59.7	60.1	61.5	61.9	62.9
REVENUE/EMPL			\$147,060	\$145,972	\$138,408	\$136,489	\$129,129
COMPENS/EMPL			\$92,663	\$91,695	\$87,599	\$86,561	\$81,958
SPREAD			\$54,398	\$54,277	\$50,810	\$49,928	\$47,171

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Definition of terms

Commission Expenses: Commissions or overrides paid to producers not employed by the agency

Outside Services: Includes contract labor, motor vehicle reports, inspections

Cost of Employment: Included in this category are those items normally considered benefits (group programs). Also included in this category are payroll taxes and contributions to pension plan (Note: Education expenses, previously included in this category have now been assigned a separate line in the operating expenses)

Education: Includes training and seminars

Employees: Use average # of employees per year

Occupancy: Rent and utilities and all building & ground maintenance

Revenue Per Employee: Divide total net revenue by the number of employees

Professional Fees: Legal, accounting, consulting

Compensation Per: Divide total compensation by average number of employees

Spread: The difference between revenue per employee and compensation per employee

How to Benchmark Your Agency

Benchmark Your Agency ONLINE in 5 Easy Steps

This issue allows you to compare your agency to the Composite group data collected over the past 12 months. But it is faster, easier, and FREE to participate in benchmarking online.

Here are the simple steps to participate in Benchmarking your agency online:

You will need your current year and prior year Operating Statement and Balance Sheet

Open your web browser and visit www.agencyconsulting.com

Using the BENCHMARKING tab in the dark gray shaded area, click the “Benchmark Your Agency” button



Fill in the Benchmarking Worksheet. This information is confidential and secure (Refer to the first paragraph on page 1.

If you choose, you can receive a side by side comparison of your agency to the specific composite group for the data you entered. This service can ONLY be offered at the time you enter your information as even Agency Consulting Group, Inc. cannot identify your agency information after you complete the process. This optional service has a nominal fee of only \$30. If you do not choose this service, you pay nothing!

By entering your data online, you receive the benefit of access to the LIVE database for a full year. You can see the trends in the insurance agency industry as they happen!!!