

# AGENCY VALUATION METRICS

The value of your agency is not defined by one number alone. These metrics help reveal the health and strength of your business.

## **Growth Rate**

- Formula:  $(\text{This Year's Commission \& Fees} - \text{Last Year's}) \div \text{Last Year's}$

## **Profitability**

- Formula:  $\text{Total Revenue} - \text{Total Expenses}$

## **Retention Rate (Premium)**

- Formula:  $(\text{Current Period Premium} - \text{New Business}) \div \text{Previous Period Premium}$

## **Retention Rate (Policies in Force)**

- Formula:  $(\text{Current Policies} - \text{New Policies}) \div \text{Previous Policies}$

## **Policies per Customer**

- Formula:  $\text{Total Policies} \div \text{Number of Customers}$

## **Employee Turnover**

- Formula:  $(\text{Current Staff} - \text{New Hires}) \div \text{Previous Staff}$

## **Additional Trends to Watch**

- Loss Ratio
- Commission Rate
- Staff Compensation Plans & Tenure
- Contingency Income
- % of Monoline Business
- Business Mix