



2019 ANNUAL REPORT

trust

(trust), *noun*

1) reliance on the integrity, strength, ability, surety, etc., of a person or thing; confidence.

“

trust is earned when
actions meet words.

Chris Butler

January 2020



Dear Stakeholder

Welcome to 2020! It is hard to believe that we are twenty years into the millennium, but here we are. For two years, we have been focused on a different 20/20: hitting our revenue growth and profitability targets of 20 percent each. With our 20/20 plans well communicated and in place, the focus in 2019 was to execute those plans and hit our goals. You'll read about our 2019 results in this report.

As we met with clients and prospects this year, we kept hearing about the importance of local service, knowledge, and responsiveness. Those attributes can be summed up in one word: trust. Trust that the proper coverage is written, trust that the agency will be there when a claim occurs, trust in the honesty and integrity of the sales people, trust that the owners care about the community. We believe we shine in all of these areas. Our Culture Statement reflects our beliefs on trust quite succinctly:

- We earn trust in every interaction.
- We live the Golden/Platinum rule.
- We seek to understand first.

If we live these out, we will delight our stakeholders and be the **Agency of Choice**.

With those statements as our guidepost for enduring relationships, it's evident that trust is paramount to our long-term success.

Enjoy our reflection on 2019. We appreciate your trust in our organization and look forward to working with you in 2020.

A handwritten signature in dark ink, appearing to read 'Kenneth P. Knight'.

Kenneth P. Knight
Chairman of the Board

A handwritten signature in dark ink, appearing to read 'Bud Bonner'.

Bud Bonner
Chief Executive Officer

A handwritten signature in dark ink, appearing to read 'Samuel Hammons III'.

Samuel Hammons III
President

A handwritten signature in dark ink, appearing to read 'Diane T. Keil-Hipp'.

Diane T. Keil-Hipp
Chief Operating Officer

A handwritten signature in dark ink, appearing to read 'John Gage'.

John Gage
Chief Information Officer

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firm belief
ibility.



Strength

(strenkth), *noun*.

Last year, we introduced our culture statement as a target—literally and figuratively. This refresh of our Values, Behaviors, and Outcomes, originally written in 2014, emphasizes the importance they play in our every-day work. For five years, the words on this target have guided employee expectations, behavior, and results. We continue to refer to it as we make decisions, large and small, about the future of the agency, how we treat our stakeholders, and how we conduct business. We believe it's another reason why businesses and families choose to trust us with their insurance portfolio.

AGENCY RESULTS

We closed the year on a high note with nearly \$600,000 of new premium written in December alone. That brought our total new premium to \$3.3 million. Our overall new business growth was an impressive 50 percent more than last year. (See our departmental results on the Sales Results page.) With so much new business written in December, the corresponding revenue will flow into our 2020 financials, giving us a great jump start on the new year.

Our EBITDA goal was 20 percent, and although we did not achieve it, we made great strides from last year. Careful management of expenses and creative ways to reduce costs helped us increase last year's EBITDA by nearly 50 percent. Two areas were sacred: client service and employee benefits. We did not cut any costs related to either category. In fact, we announced two enhancements to our employee benefits this past November. Starting in 2020, employees will pay less for their health insurance and have the opportunity to earn up to a 4 percent match on their 401(k) contributions.

Delighting our stakeholders is one of our core outcomes, and that includes our employees. These enhancements made an important statement about how much we value our team. Even in the midst of careful expense management, we chose to enhance our benefits because we believe that our success is wholly dependent on the quality of our team.

The proof
is in the
results!

Diane Hipp



Michelle Bowe
Information Specialist
Employee since 2013



"I love my son. He thinks I'm a good mom... no matter how many times I forget that he likes hamburgers with cheese, but does not like cheeseburgers."

2019 SERVICE RESULTS

The service team outdid themselves again this year. Challenged with two new goals, they set out to make 2019 a repeat of the record results of 2018.

In addition to our annual focus on Retention and Client Coverage Reviews, account managers promoted our mobile app as a quick and easy tool. As a result, nearly 300 clients downloaded the app to their phones. Our mobile app puts clients' policies in the palm of their hands, makes submitting a claim as easy as taking a selfie, and ensures that a current auto ID card is a tap away.

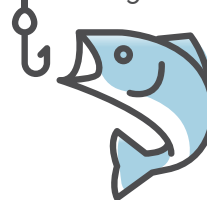
The service team also asked clients to comment about us in an online Google or Facebook review. Thanks to their efforts, hundreds wrote about their service experience with us, and our overall Google review score is 5 stars. We can't say THANK YOU enough! Building a strong online review presence helps convert tomorrow's prospects into clients as more insurance shoppers research companies online before ever picking up the phone.



Bud Bonner
CEO

Employee since 2017

"I love hunting and fishing with my kids and grandkids!"



2019 GAINSHARING RESULTS

The team achieved or exceeded every goal except one, which the group missed by half-a-percent. An outstanding performance! The gainsharing program, established over twenty years ago, has a few essential components: a quantitative bonus structure, monthly meetings, reports of the previous month's results, and departmental goals. The team wins or loses together. Even after twenty years, it is still unique among our peers. We think it's a competitive advantage for us. The proof is in the results!

	ITEM	GOAL	ACTUAL	DIFFERENCE
TECH	Facebook & Google Review Requests	480	492	+12
	Mobile App Downloads	275	280	+5
PERSONAL	Client Coverage Reviews	500	828	+328
	Account Rounding Premium	\$50,000	\$57,643	+\$7,643
	Retention of Targeted Accounts	95%	95.25%	+.25%
BUSINESS	Client Coverage Reviews	125	130	+5
	Account Rounding Premium	\$70,000	\$84,911	+\$14,911
	Retention of Targeted Accounts	95%	94.5%	-.5%

2019 SALES RESULTS

Personal Insurance

We jumped out of the gate in 2019 with a hard-working team of three focused on sales of personal insurance. Long-time team members Selena Stagnolia and Stephanie Ehman took on new roles. In addition to servicing clients, they also have sales responsibilities. Along with Matt Fox, our dedicated personal insurance agent, the three have been a tremendous trio and hit aggressive sales goals. We couldn't be prouder of them.

Personal insurance new premium: \$550,000
– an increase of 32 percent over last year

Business Insurance

With a goal of 20 percent increase over prior year revenue, our sales team had their work cut out for them. We had our best year since adopting the 20/20 goals, coming in at nearly \$2.8 million in new premium.

We continued to stress the sales principles that we know will lead to success: qualify opportunities early in the process, match the prospect with insurance products that offer unique coverages, and ask risk management questions. Copying the current policy and playing the price game does not bring real value to a prospect. Real value comes from learning about the prospect's business and offering a holistic approach to improving their bottom line.

Business insurance new premium: \$2.8 million
– an increase of 55 percent over last year



Golden Hammer Award

Greg Corbitt won the prestigious Golden Hammer award in 2019. The Golden Hammer is awarded to the sales person with the most new revenue. Greg is a repeat winner. In his five years at the agency, Greg has won the award three times.

Awesome job!

“We should not expect to receive more **trust** than we dish out.”

Dr. Kenton D. Wiley

A·bil·i·ty

(ə-bil'ə-ti), *noun*.

ADVANCED EDUCATION



Stephanie Ehman and Marlene Levengood

Certified Personal Risk Manager

A few years ago, we reported that eight members of our team were working toward the Certified Personal Risk Manager (CPRM) designation. CPRM is a five-course program that focuses on a risk management approach to individual and family insurance. In 2019, two team members completed the coursework and earned the CPRM designation.

Congratulations to
Stephanie Ehman and
Marlene Levengood!



Nick Etter, Michele Merritt, Dorian Harmon,
instructor Tom Daniels, Travis Spittale,
Matt Fox, Phil Bowles

Effective Personal Productivity

Over the summer, six team members completed a seven-week time management program developed by Leadership Management International. The program focuses on practical tools and techniques for increasing productivity, focusing on high pay-off activities, and achieving goals. Every week, participants attended weekly sessions, read chapters, completed exercises, met with their mentor, and tracked their progress. It was intense, for sure, but participants developed new habits that will last them a lifetime!



John Gage

Applied Net Conference

John Gage showed off his insure-tech prowess at the national Applied Net conference in Las Vegas this past September. John taught two classes on basic and advanced reporting, and nearly 250 participants attended the sessions. Here are some of the comments he received:

“Very knowledgeable
presenter; excellent
delivery of material and
in answering questions.”

“Loved the content.”

“Well done and very helpful.”

We couldn't have said it better.

Awesome job, John!

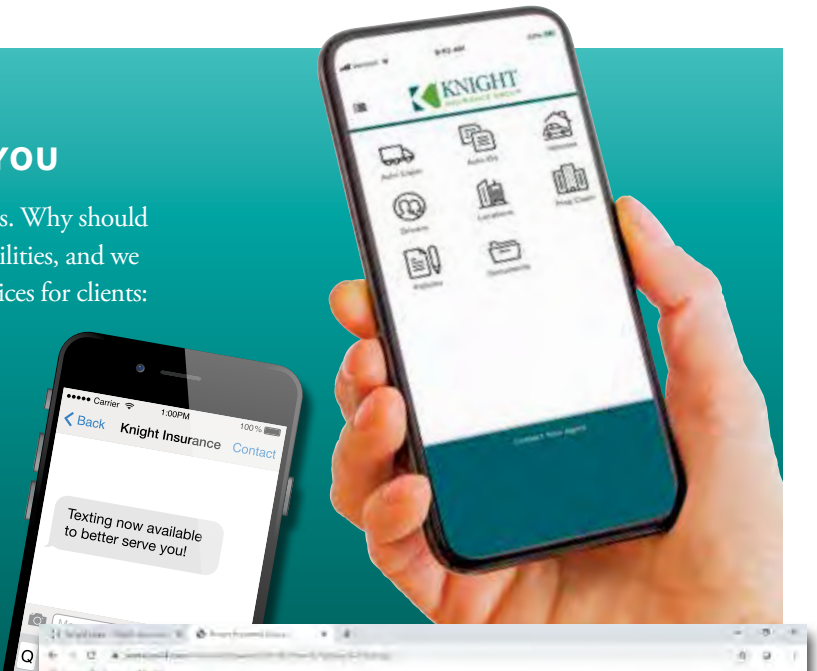
INSURANCE AT THE SPEED OF YOU

Today, we all expect to have everything at our fingertips. Why should insurance be any different? Clients expect digital capabilities, and we deliver! Last year, we introduced three new digital services for clients:

Mobile app that offers quick access to auto ID cards and policy information.

Online portal for viewing policies and printing Certificates of Insurance.

Texting in addition to emailing.



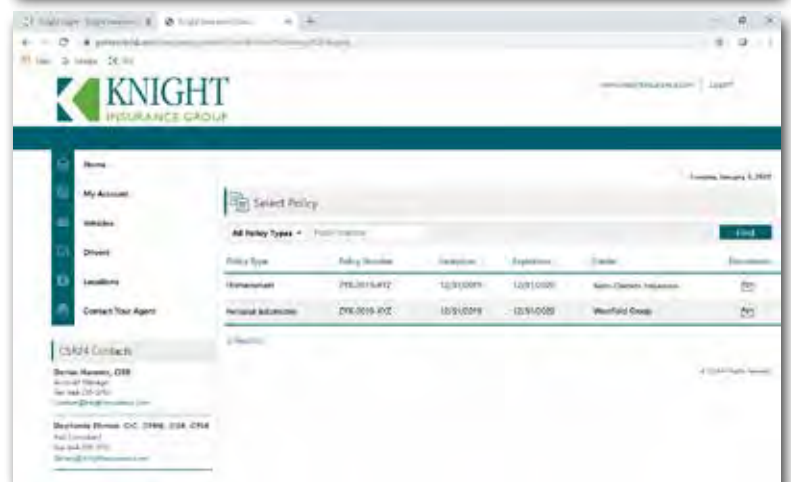
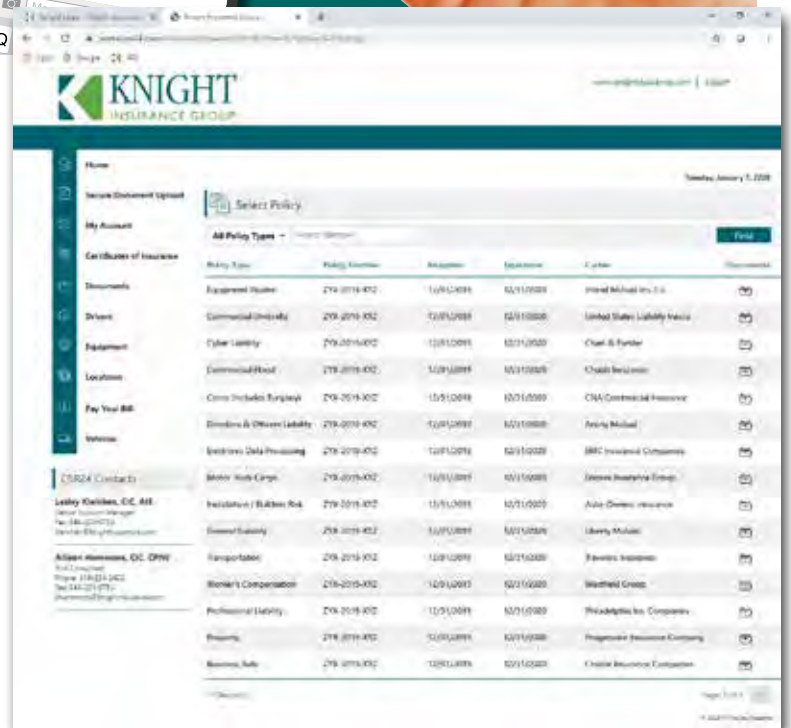
Since that time, nearly 300 clients downloaded our mobile app and 414 clients registered for the online portal. They tell us they love the convenience of being able to check a deductible, verify their autos, and retrieve an auto ID card. No misplaced paperwork! No digging through paper files! Even better is the claim reporting feature. The app guides the user through the information needed at the scene of an accident, including snapping a photo of the damage and submitting with a click.

This past November, we added another digital offering: **paperless policies for our business clients.** Rather than mailing or delivering a bulky 100+ page document that has to be filed (or may be misfiled!), policies can be viewed on our secure portal any time. Current and historical policies are stored in an electronic folder system that is organized and user friendly. Another bonus...we are saving trees and reducing our carbon footprint with less paper mail.



Carol Taylor
Senior Personal
Account Manager
Employee since 2000

"I love being in the kitchen cooking, baking and entertaining."



In·teg·ri·ty

(in-teg'ṛə-ti), *noun*.

AGENCY OF CHOICE AWARDS

Now in its fifth year, the Agency of Choice Awards are a staple at our agency's Annual Meeting. Designed to promote our values, the awards recognize individuals who demonstrate the behaviors to which we aspire as an organization. What makes them extra special is that nominations come from fellow employees.

Here are the winners of the 2019 Agency of Choice Awards:



Relationship Builder Award

To the employee who seeks to understand first, lives the Golden-Platinum Rule, and earns trust in every interaction.

Winner: Allison Hammons



The Exceptional Award

To the employee who builds exceptional business skills, is always creative, and builds herself as a person first.

Winner: Selena Stagnolia



Relentless Focus Award

To the employee who seeks opportunity in every challenge, focuses on daily high-payoff activities, and cultivates internal and external enthusiasm.

Winner: Lesley Kleinhen

Trifecta Award

Lesley Kleinhen was nominated by her peers for every Agency of Choice award—a triple nomination. We thought that deserved special attention, so we created the Trifecta Award to acknowledge the achievement.

INDUSTRY AWARD



Diane Hipp (center) with daughter Nicole Roe and husband, Gregg Hipp.

Ohio Insurance Agents Association (OIA) awarded Diane Hipp its prestigious Excellence in Leadership award at its holiday ceremony in December. Diane has been a long-time volunteer at the association, serving on various committees ranging from college internships to government affairs. Most recently, she served as President of the Foundation Board and led the creation of a scholarship to benefit next-generation independent agents. She was honored for her exemplary service to OIA and to the independent agency channel.

Winners received their personalized award and...

\$100

Re·li·ance

(ri-lī'əns), *noun*.

TEAM ANNIVERSARIES

Five years ago, an unprecedented seven team members joined the agency. Happily, we are now celebrating their five-year anniversaries! Half-way to a decade of service is quite an achievement! As a token of our gratitude, the ladies each received a charm bracelet with five beads to symbolize each year. Then each year thereafter, they will receive another bead to add to their bracelet. The guys received our famous Knight tie.



L to R: Nicole Roe, Greg Corbitt, Selena Stagnolia, Matt Dysinger, Jane Crispen, Brenda Robinson, Lesley Kleinhen



Michelle Bowe celebrated five years at the agency in 2018. As our Information Specialist, Michelle is responsible for designing and maintaining our intranet, updating our website, tracking carrier statistics, and a host of other duties. Her middle name should be Organization, because she is a master at keeping all the details straight. **Thanks, Michelle!**



Linda Lopez celebrated ten years at the agency in April. Linda is an account assistant, responsible for processing personal insurance policies and changes. She is a critical part of the team; her level of detail ensures that the policies accurately reflect what the client requested. Account managers love being able to rely on her accuracy so that they can focus on client conversations. **Great, job, Linda!**



Ken Knight, Grand Poobah of Knight Insurance Group, celebrated 45 years at the agency this past May. Ken grew up in insurance, helping his dad as a youngster. He and his brother, K.C., bought the agency from his dad in 1977, and since K.C.'s passing in 1992, Ken has carried on the Knight legacy. Ken's strong belief in legacy ensures that the agency will remain locally owned.



Ron Carter is NOT retired! Rumors were spreading in 2019 that Ron Carter was retiring. (We think our competitors were responsible for spreading such falsehoods!) Fact is, Ron is still a Knight employee, but he has reduced his hours a bit. Ron's clients are in good hands, though. Travis Spitnale has been training under Ron for the last couple of years and has met nearly every client in person. Ron continues to be a valuable resource for clients and carriers alike.

Congrats to all! We cannot imagine working without you!

SUPPORTING OUR COMMUNITY

This year, we supported a variety of organizations and families through our time, talent, and treasure. Some organizations are well known, and we are proud to support their missions. Through connections with our employees, two families in need came to our attention. Helping these families is especially rewarding because our contribution means so much. It's heartwarming to share a family's story with our team through a simple email and see the contributions pour in. A generous group we have!

Here are highlights of our charitable work this year.

Wander the Warehouse District

Knight has been the lead sponsor of Wander the Warehouse District for over ten years. Wander is the signature loft and building tour in downtown Toledo's Warehouse District. We support the event in many ways: sponsoring billboards, buying t-shirts for volunteers, sponsoring the program, and promoting the event to our clients. This year, over 140 clients took advantage of our offer of two free tickets to the event. Our team members Elyse Labardee and Nicole Roe served on the Wander Planning Committee and volunteered their time at the event. Diane Hipp and Ken Knight, former board members, volunteered at the ticket table, greeting many Knight clients who claimed their two free tickets.

Rosary Cathedral School Supplies

We donated paper, glue, crayons, folders, pencils...anything you could find on a school supply list. It all went to Rosary Cathedral, a Catholic school in Central Toledo.



St. Rose Evening of Roses

This year, we were a lead sponsor of St. Rose Evening of Roses. This event raised funds for the pre-K through eighth grade school on the campus, specifically improving the school building and providing scholarships for families in need of financial assistance.

Polar Express

This event was a fundraiser for Hope Learning Academy & Northwest Ohio Scholarship Fund. Hope Learning Academy provides education for students with mild learning disabilities and those who struggle in a traditional classroom. The organization received a \$5,000 sponsorship from the agency.



Learning Club

The Learning Club is an after-school tutoring service with five Toledo locations. Through a partnership with Westfield Legacy of Giving, the Learning Club received a grant of \$5,000.



Lott Industries

Lott Industries is a non-profit organization that provides meaningful educational and vocational opportunities for people with developmental disabilities. Sam Hammons and Allison Hammons serve on the business development team that strategizes on ways to raise funds for Lott's mission.

Fellowship of Christian Athletes (FCA)

We were a title sponsor of FCA's fundraiser golf outing again this year. FCA's mission is to lead every coach and athlete into a growing relationship with Jesus Christ through its nondenominational organization. Sam Hammons and Greg Corbitt serve on the local FCA board.

In addition to these, we collected soup for the Northwest Ohio Food Bank, donated candy to Lucas County Children Services, and purchased wreaths for Wreaths Across America.



Trust

(trust), *noun*.

KNIGHT KNOWLEDGE SEMINARS

Three educational seminars were presented for our business clients:

1

Risk Management for
Trucking Firms

2

Risk Management for Contractors,
Manufacturers, and Wholesalers

3

Cyber Claims, Risks
& Prevention

Here is some of the material that was covered:

- Can you afford an OSHA visit? OSHA citations, required trainings, and record keeping.
- Can you afford a visit from the Department of Transportation? Fleet safety, citation costs, compliance, and training.
- Cyber loss examples, coverage triggers, federal actions, how your bank can help.

Guest speakers included:

- Steve Snyder of US Secret Service
- Sara Swiergosz, Special Investigator at Fifth Third Bank
- Ken Labelle, Cyber expert at Burns & Wilcox
- Gloriana Corman from KPA

The expertise of the speakers made each seminar educational and insightful. Clients left the seminars with practical tips and action items to safeguard their businesses.

Watch for information on our 2020 seminar schedule!





“

Lost time is never found again.

Ben Franklin



20/20 VISION: AGENCY RETREAT

The 2019 agency retreat was held at Westfield’s campus, an all-inclusive facility with a hotel, on-site catering, and a golf course. (There might have been a few golf games played beforehand!) The Westfield destination is a favorite, not just for the fabulous facility, but also for the Westfield staff who makes everything top-notch. Thanks!

Back by popular demand, a private casino was set up with poker, craps, roulette, and blackjack. Being risk managers, we used play money for the evening and exchanged winnings for raffle tickets. Prizes like NFL football tickets, Kate Spade purses, and Swarovski earrings were won by lucky ticketholders.

Off-site time with the entire team is so important for building camaraderie beyond the workplace. Sharing laughs and conversations about family, hobbies, sports, and the like create a warmth that carries back to the office. As a result, we create a cooperative, friendly, and supportive work environment.

Building camaraderie is reason enough for the off-site retreat, but we also had a business agenda for the day, and it was jam packed this year! We invited several guest speakers this year—a first for this event. Keynote speaker, Kurt Vondrasek from MarshBerry, presented the behaviors of high-powered sales people. We also heard from Nina Shaheen of Encompass, Beth Haskins and Tyler Himes of Westfield, and Dave Sexton and Kellie Ittner from Frankenmuth Life.

Thanks to all of our speakers for their insights on how we can “up our game.”



Marlene Levengood
Team Leader
Employee since 1995

“I love spending time with my grandchildren.”



Con·fi·dence

(kon'fə-dəns), *noun*.

THANK YOU, CLIENTS!

In 2019, you took the time to tell the world wide web why you chose Knight Insurance Group as your Agency of Choice. We couldn't have said it better ourselves! Here are some of the comments from nearly 200 online reviews:

"Genuinely takes the time...
I feel like a VIP every time..." **ANDY B.**

"Experienced advisers...extremely helpful..." **RANDY J.**

"First in class insurance agency!"
STEPHANIE G.

"Soooo much better experience
than working with reps from a
single insurance company.
A "Knight" and day difference."
J DE

"Utmost professional...
attention to detail..."
RICK H.

"Makes complex topics
easy to understand..."
THOM D.

"Hands down best
customer service,
friendliest staff..."
CAL P.

"Locally owned, supports Downtown
Toledo's growth, what's not to love?"
STACI N.

Thanks to those who took the time to share their thoughts about the Knight experience. You WOW'd us with the glowing statements about our friendliness, timeliness, and knowledge.



CARRIER OF THE YEAR: CENTRAL INSURANCE

Central Insurance joined our roster of carriers in 2017 and jumped in with both feet to create a partnership that both sides value. It is unprecedented for a carrier to earn this award so early in our relationship, but that's a testament to Central's enthusiasm, eagerness, and commitment to our partnership. In our short time together, we jointly developed a model that helped us expand our service in a cost-effective way. Most importantly, Central has been a great partner for our new clients, offering a coverage-rich product at a competitive price.



L to R: Pat Jackson, Ken Knight, Bud Bonner, Kurtis Brown, Sam Hammons and Travis Swander.

ATTITUDE

by: Charles Swindoll

The longer I live, the more I realize the impact of attitude on life.

Attitude, to me, is more important than facts. It is more important than the past, than education, than money, than circumstances, than failures, than successes, than what other people think or say or do. It is more important than appearance, giftedness or skill. It will make or break a company...a church...a home.

The remarkable thing is we have a choice every day regarding the attitude we will embrace for that day. We cannot change our past...we cannot change the fact that people will act in a certain way. We cannot change the inevitable. The only thing we can do is play on the one string we have, and that is our attitude...I am convinced that life is 10% what happens to me and 90% how I react to it.

And so it is with you...we are in charge of our attitude.

At our 2019 Annual Meeting, each employee was given this framed image to proudly display. A favorite quote of Sam Hammons for many years, Sam explained that we cannot control what happens in life; we can only control our reaction to it. Great advice!

Congratulations to Central Insurance! We look forward to a long-standing partnership.

**LIFE IS 10%
OF WHAT HAPPENS
TO YOU AND
90% OF HOW
YOU REACT TO IT**



TOP-RATED FACEBOOK POSTS



We posted nearly 75 stories on Facebook in 2019, and it is no surprise that the most popular ones involved our team! From Ken Knight's 45th anniversary video to Greg Corbitt's Golden Hammer award, followers sent comments of support and thumbs up. Here are some of the top-rated posts of 2019.





IN THE REARVIEW MIRROR...

It's hard to believe that the 2010s are in the rearview mirror and we are now entering the third decade of the new millennium. Would our founders have ever thought that their company, started in 1859, would have lasted 160 years? Many companies have come and gone in that time, and though we have history on our side, we're not about to rest on our laurels. As we reflect on another year over and 160 years in business, we stay focused on the future and how we can serve our clients' needs in new ways. With determination and forward thinking, we will continue the legacy that is Knight Insurance Group.

Our best to you in 2020.



Travis Spitnale
Bond Manager
Employee since 2017

"I love hiking and sightseeing!"



Find something you
love to do, and you'll
never have to work
a day in your life.

Harvey Mackay

Relationships and **trust**.
This is the bedrock of life.

Mukesh Ambani



TOLEDO

22 North Erie Street
Toledo, OH 43604
419.241.5133 • 800.241.5133
fax 844.201.0753

FINDLAY

655 Fox Run Road
Findlay, OH 45840
567.429.7001
fax 844.201.0753

knightinsurance.com