

KNIGHT CROCKETT MILLER
INSURANCE *Group*

15
YEARS

Always there
2009 Annual Report
SPECIAL EDITION

December 2009

Dear Stakeholder:

When we wrote to you a year ago, we were preparing to celebrate our 150th anniversary with a variety of special events. As it turned out, the most significant event of 2009 wasn't on our list: the acquisition of First Financial Insurance Agency's property and casualty insurance business. As you'll read, this acquisition expanded our agency significantly and positioned us to be a greater presence among clients, communities, and carriers.

We are excited to introduce you to the people at our new branch offices. They are quality people, dedicated to serving their clients and giving back to their communities. We are proud to have them on board. As you'll see, each branch office has a distinct name that has brand recognition in its locale. They all fall under the Knight Crockett Miller umbrella.

Beyond the acquisition, we were busy doing the every-day work of insurance: writing new policies, counseling clients, and paying claims. Excellence in these areas is the foundation of our agency. When we do an excellent job, clients reward us with their continued business and important referrals.

As we move into 2010, we are continuing on our quest *To Be the Best* through several different initiatives. As they unfold, we will keep you apprised. All of our efforts are done so that we can continue to say to you that we will be ... *Always There*.

Enjoy this Special Edition 150th Anniversary Annual Report.

Knight Crockett Miller ... *Always there.*

Always there.

Kenneth P. Knight
Kenneth P. Knight
CEO

Thomas G. Hart
Thomas G. Hart, CPA
CEO

Samuel Hammons III
Samuel Hammons III
Vice President, Sales

Diane T. Keil-Roe
Diane T. Keil-Roe
Vice President, Operations

Mark C. Willis
Mark Willis, President
Knight-Willis Insurance Agency, LLC

John Gage
John Gage, Partner
Knight-Willis Insurance Agency, LLC

D. Bradley Wilson
D. Bradley Wilson
Vice President
Wilson Lawson Myers Insurance Agency

Ted A. Havens
Ted Havens
Vice President
White & Havens Insurance Services

Expansion News – Updated!

On April 1, 2009, Knight Crockett Miller, with its new partner, Mark Willis, completed its largest acquisition to date – the purchase of First Financial Insurance Agency's property and casualty insurance business, with offices in the Chicago, Indianapolis, and Cincinnati areas. The acquisition increased revenues by 75 percent, added 3 locations, and added 16 employees.

So how is it going eight months later? We have been busy introducing our new co-workers to new carriers, new technology, and new procedures. The locations got new names, new logos, new signs. But one important thing didn't change – the dedication to the clients served by each branch. The branches are run by the previous managers at each location – people who are vested in the communities they serve. Those managers have great autonomy, yet they also enjoy the support of many KCM resources.

Many things have settled in, but there is always more to do. The support of everyone involved has made the acquisition a team success. Excitement is in the air – the palpable feeling that we are all building an agency that will be ... *Always There.*

Expansion News!

Knight Crockett Miller Insurance Group is proud to announce the acquisition of First Financial Insurance Agency's property and casualty insurance business, with offices in the Chicago, Indianapolis, and Cincinnati areas.

The acquisition increases Knight Crockett Miller's insurance sales by 75 percent and expands the business to a total of four locations in the Midwest. As part of the acquisition, Knight Crockett Miller will invest over \$175,000 in new technology to create state-of-the-art operations at the new locations.

Knight Crockett Miller is positioned to be a greater presence among clients, communities, and carriers, as our agency grows larger. To you, this means that your insurance needs will continue to be served by a thriving and stable insurance agency. Our commitment to you remains unchanged. You can rest easy knowing that your most important assets are protected by an agency you can rely on.

In these economic times, positive business news is rare, making this announcement even more important for Toledo. And to top it off, the acquisition occurs during Knight Crockett Miller's 150th anniversary. What a great anniversary gift to Knight Crockett Miller, its clients, and the Toledo community!

"This is a very exciting time for Knight Crockett Miller as we expand our operation in the Midwest. Becoming your Agency of Choice is one of our Strategic Goals. This also allows us to bring our high level of customer service to new locations. I am excited about how this acquisition positions us for the future. This is proof that there are companies thriving in this economic climate. I'm proud that we are a part of positive business news."

Ken Knight, CEO

15
ANNIVERSARY

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INSURANCE Group

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New Partners: Mark Willis & John Gage

With the acquisition in April, we gained two new partners: Mark Willis and John Gage. We invite you to meet them here.



John Gage has been with Knight Crockett Miller since 1996. He has served as our Systems Administrator since 2000. In the last nine years, we have witnessed the advent of e-mail, internet, and remote connectivity. With these rapid advances in technology, John has been critical to keeping the agency at the forefront. Under his direction, we conduct business far more efficiently than nine years ago.

John has a master's degree in computer science from Bowling Green State University and a bachelor's degree in computer science from the University of Toledo.

His partnership is a reflection of the importance of his role in the future of our expanding organization.

Mark Willis is at our Hamilton, Ohio, office: Knight Willis Murphy Insurance Services. He formerly served as the President of First Financial Insurance Agency, having founded it in 1997.

Mark has over 25 years of insurance experience. His particular expertise is in risk management and multi-state commercial exposures, such as the bank he insures with assets of \$7 billion and nearly 200 branch locations.

Mark earned his bachelor's degree in economics and business administration at Wittenberg University. He obtained his CPCU (Chartered Property and Casualty Underwriter) designation in 1992 and his CIC (Certified Insurance Counselor) designation in 2001. He has also been a member of the Million Dollar Round Table since 2001.



Introducing . . . Wilson Lawson Myers Insurance Agency

Located in Connersville, Indiana, Wilson Lawson Myers is a fourth-generation family insurance agency. Robbie Wilson's great grandfather was one of the founders of the agency, which dates back to 1929. His dad, Brad Wilson, is a Vice President of the agency. Brad is quite involved in community activities, currently serving on the local school board of trustees and the regional workforce board of directors. Other agency staff are involved in numerous civic and service agencies in the area.

In June 2009, the City of Connersville was named the World Headquarters of Carbon Motors Corporation, a maker of state-of-the-art police cars. Carbon Motors will occupy the old Ford plant and bring 10,000 direct and indirect jobs to the area. "This is huge for our community. We all rallied and worked together to make a dream become reality," said Brad Wilson.

Of the acquisition by Knight-Willis, Robbie Wilson says, "The first immediate change was, of course, to our name. Bringing back the name, Wilson Lawson Myers, was significant to the community we serve and to us personally. It allows us to again connect with our history and longevity in Connersville. I am proud to sell insurance knowing that my family's name is on the door."

Wilson Lawson Myers has a staff of six, serving personal, business, and agricultural clients.



WILSON LAWSON MYERS
INSURANCE *Agency*

Wilson Lawson Myers: Brad Wilson,
Debbie Coffman, Janna Gray,
Amy Russell, Robbie Wilson.
Not pictured: Gena Waddell

Welcome White & Havens Insurance Services

White & Havens has been part of the Highland, Indiana, community since 1991, when Tom White and Ted Havens combined their individual agencies to form a full-service agency. Prior to that, the White Insurance Agency had been in Hammond since 1936. After a period of time under bank ownership, the agency is proud to again be called White & Havens.

“Our reputation is one of sound advice – always being concerned first about the insurance coverage we provide. We believe strongly in educating clients so that they make prudent decisions about their insurance purchases. Clients come to us because they realize insurance is a complicated purchase and we ‘uncomplicate’ it for them,” said Ted Havens, Vice President.

In 2010, the agency has plans to extend its reach through marketing and networking. “The acquisition brings us a unique ability to be part of a larger agency, where we can utilize its resources, markets, and technology, yet still feel very community-based to our clients. We will capitalize on that in 2010,” said Havens.

The agency has a staff of six, serving personal and business insurance clients.



WHITE & HAVENS
INSURANCE *Services*

White & Havens: Ted Havens, Linda Augustyn, Sherri Hanish, Tom White, Lucy Spitale, Frank Mrvan

Meet Knight Willis Murphy Insurance Services

In addition to being president of Knight-Willis Insurance Agency, LLC, Mark Willis heads up the Knight Willis Murphy office in Hamilton, Ohio.

Mark was previously president of First Financial Insurance Agency, having founded the agency in 1997. He grew the agency to three locations, which operate today as Wilson Lawson Myers, White & Havens, and Knight Willis Murphy. Mark is currently president of the Cincinnati Insurance Board, America's first insurance agents' association.

"I am very excited about the acquisition. We've been able to tap into the insurance resources at Knight Crockett Miller and gain more markets, new technology, and the expertise of the staff," said Willis. "This is a very positive move for our clients and poises us for growth in the larger region."

Andy Murphy is a commercial producer in Hamilton. He holds four insurance designations, undoubtedly making him one of the most educated insurance agents in the region. Andy is active in the local Rotary and appreciates the many business referrals he receives from clients. "I take a very personal approach to my clients, and they have rewarded me with their continued business," says Murphy.



KNIGHT WILLIS MURPHY
INSURANCE *Services*

Knight Willis Murphy:
Mark Willis,
Debbie Caudill,
Diane Luechauer,
Andy Murphy.
Far right: Peg Lowry

2009 ... Our 150th Year in Business



150 years is BIG news ... and we celebrated BIG! We want to thank you – our clients, carriers, and friends – for the well wishes on our anniversary. It is heartwarming to receive congratulations from so many of you.

Here are some of the events that took place in 2009:



Anniversary gifts to our clients: What a phenomenal response you gave to our offer of a gift! We shipped over 600 water bottles, picture frames, eco bags, and boxes of chocolates.



iPod® Raffle: In conjunction with the launch of our newly designed website, we raffled off two iPods to clients who answered our website survey.



Radio & Newspaper: Thanks to our advertising partners for joining us in the 150th celebration. Together we ran newspaper and radio ads in the spring and summer months. These companies are great partners of Knight-Crockett-Miller:

- | | |
|-------------------------|-----------------------|
| ▪ AAA Standard Services | ▪ Grange Insurance |
| ▪ Auto Owners Insurance | ▪ M&M Heating |
| ▪ B Creative | ▪ Selective Insurance |
| ▪ Data Service Center | ▪ Toledo Free Press |
| ▪ Encompass Insurance | ▪ Westfield Insurance |



Employee Trips: During our 150th Anniversary Launch Party last January, we raffled off two vacations to two lucky employees. They enjoyed week-long trips to South Beach, Florida, and Palm Springs, California. Airfare and accommodations were provided.

Remembering a Loved One: Denise Rogers



In September, we lost our friend and colleague, Denise Rogers. She was 50 years old when she lost her battle with cancer. Since then, we've received many notes and calls from you, offering your condolences. It's a testament to how much she meant to the clients and carriers she worked with. Thank you.

Soon after she passed, we sent a postcard that said best what she meant to us. We reprint it here for your reflection.



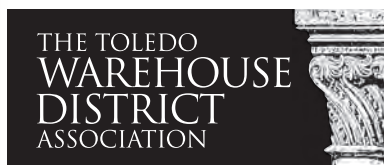
Giving Back

In 2009, three worthy organizations received donations in time and/or treasure. We're pleased to introduce them to you.

Mom's House

This year, Knight Crockett Miller raised over \$3000 for Mom's House through the donations of over 200 people who attended our annual Christmas party. The mission of Mom's House is to prepare young mothers for the challenges of balancing educational goals with responsible parenting. Free quality daycare is provided for the children of mothers who are attending school. Mom's House's philosophy of "a hand-up, not a hand-out" empowers young women to help themselves. In return for Mom's House's services, clients must attend school full time, maintain passing grades, volunteer at Mom's House each week as well as embrace the mission and philosophy of the program.

For more information, visit: www.momshousetoledo.org



The TWDA is a volunteer organization dedicated to the revitalization and preservation of Toledo's Warehouse District. Its mission is to benefit businesses, property owners, residents, and visitors by promoting and encouraging the preservation and appreciation of the neighborhood's diversity and history. Its signature event, Wander the Warehouse District, spotlights renovated buildings for public tour. This event shows outsiders the possibilities that exist in the District.

Knight Crockett Miller has been a supporter of TWDA for over 20 years, both financially and through thousands of volunteer hours. Diane Keil-Roe currently serves as president of TWDA; Ken Knight is treasurer. This year, Knight Crockett Miller was the major underwriter for Wander the Warehouse District, offering two free tickets to clients who attended the event.

For more information, visit: www.toledowarehouse.org

CHERRY ST. MISSION MINISTRIES

In honor of our 150th anniversary, we volunteered our time serving meals at Cherry Street Mission during the months of October, November, and December. We selected Cherry Street for its mission and because it is a locally founded charity. Since 1947 Cherry Street Mission Ministries has served homeless and low-income individuals. The doors are open 24 hours a day, 365 days a year to provide food, clothing, shelter, and other vital services including literacy and vocational training, resource networking, and job readiness assistance.

For more information, visit: www.cherrystreetmission.org

2009 Sales

2009 was a challenging economic year for the United States. Record unemployment, tight credit, and closure of many businesses affected most industries. The economy certainly had an impact on all of our locations. When clients reduce their workforce or close up shop, we lose revenue. However, in spite of the economy, we are proud to report our Top 5 Sales that put us in a positive growth position overall.

Top 5 Sales:

- Added 91 locations to a bank client.
- Sold 100+ employee group health case in Toledo.
- Sold commercial insurance to a multi-state tire distributor.
- Sold property insurance on new factory in Indiana with 1.9 million square feet.
- Sold commercial insurance to a clothing manufacturer with stores in 10 states.

Location	Total Sales, all lines
Toledo, Ohio	\$20,291,870
Connersville, Indiana	\$4,680,214
Hamilton, Ohio	\$3,473,941
Highland, Indiana	\$3,343,242
Grand Total	\$31,789,267

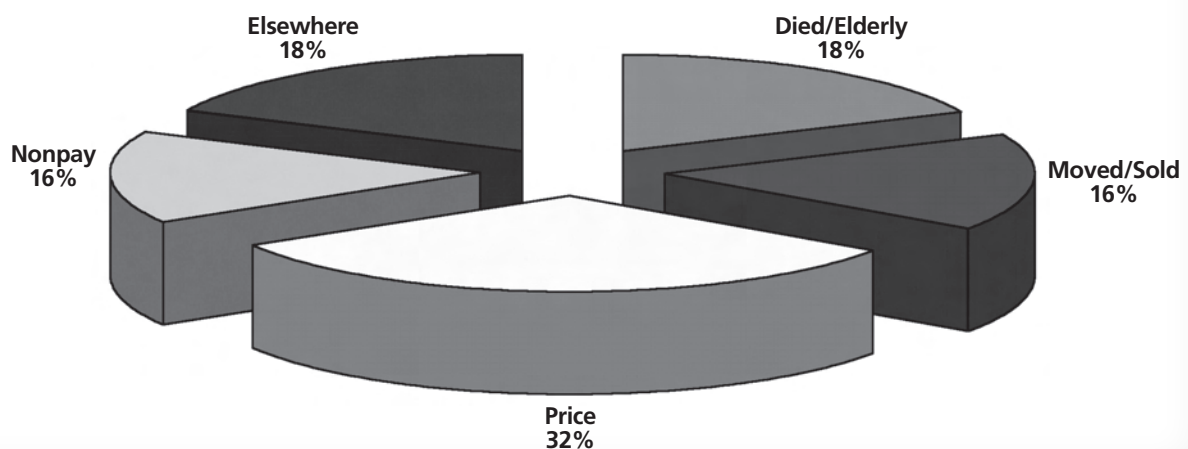
Report on Lost Accounts

For over ten years, we have tracked our lost business differently than most insurance agencies. To get a true reflection of the decrease in our business, we focus on the number of accounts lost, not simply lost revenue. Revenue can fluctuate from pricing differences year over year, and although an important measure, we feel it is equally important to know how many clients are walking out our doors each year.

We knew that 2008 would be a tough year to improve upon – we enjoyed a retention rate of nearly 94 percent. Our 2009 results reflect a retention rate of 92.5 percent. Here again, the economy did not help us, as some business clients found themselves needing to shut their operations. Our personal clients were subject to temporary lay-offs or losing their jobs entirely. Although insurance should be a “must-have” purchase, some clients have gone without. The bigger percentage of lost accounts resulted from those who felt the need to reduce their insurance beyond levels that we feel are prudent. There is a flurry of insurance companies advertising “low, low prices” or “Tell us what you want to pay.” In the attempt to shave a few dollars a month, some clients have unknowingly taken on a bigger bill at claim time.

We work hard to counsel clients about the whole picture of insurance – the premium AND the potential cost of a deductible or uncovered items at claim time. This is the real price of insurance.

Reasons for Lost Business



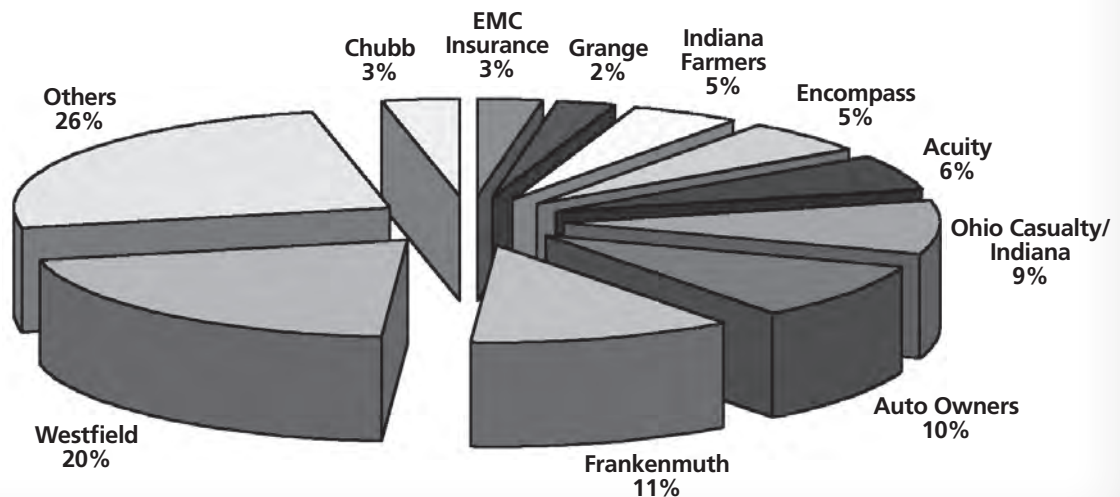
Carrier Statistics

One of the key synergies gained through the acquisition was the re-distribution of our carrier volume. Prior to the acquisition, the agency had 41 percent of its volume with one carrier. The Number Two carrier was far smaller, at 13 percent.

Between the two agencies, we had several common carriers: Auto Owners, EMC, Frankenmuth, Grange, and Ohio Casualty. This mix of carriers fit extremely well because it allowed us to meet strategic growth goals with certain carrier-partners we had already identified.

Our carrier spread is now mixed more evenly among four carrier-partners. Our top carrier is now 20 percent of our volume, and the next three carriers range from 9 to 11 percent. This frees us to grow with all of our carriers in a more even fashion.

2009 Premium Volume



Financial Services Update

The Financial Services Division had a very busy year. We faced numerous challenges due to the state of the economy. Many businesses are reducing benefits and passing more costs onto their employees. Businesses have also reduced or temporarily stopped 401(k) matches as well. In spite of, or perhaps due to, the challenges many businesses are faced with, Financial Services has added several new clients to our base. We received referrals from clients who are very satisfied with our service. Our strategic partnerships have been a good referral source as well.

We spent a great deal of time meeting with clients and helping them navigate a market that dropped 50 percent beginning in October 2007. By March 2009, we finally saw the market begin to rebound. Throughout the downturn, we advised clients to stay the course with their investment objectives and, in some cases, helped to develop new strategies to protect the principal investment. This change of strategy prompted us to expand our knowledge of products to include income-producing investments as well as investments that help to protect principal through guarantees.

We are looking forward to what 2010 will bring and the opportunity to serve our clients in an excellent manner.

" Unless you have definite, precise, clearly set goals, you are not going to realize the maximum potential that lies within you." Zig Ziglar

Faster . . . Easier . . . Smarter

As part of our 150th Anniversary, we launched a newly designed website. This website was designed from scratch with one main purpose: to be a tool for clients to manage their insurance **faster, easier, smarter**. That's why we located the most popular features right on the home page:

- Pay your Bill
- Review with Us
- Get an Auto ID Card
- Report a Claim
- Print a Certificate of Insurance
- Free Stuff

These Quick Links make it easy to navigate and get what you need faster.

Inside the website, you'll find even more tools:

- Insurance carrier facts, including Best Rating, operating states, and Annual Reports
- Contact Us info, so you can quickly communicate with your representative
- Product information that explains the types of insurance

Each branch has its own site, but the look and feel remains consistent in all of them.

www.knightinsurance.com

www.wilsonlawson.com

www.whitehavens.com

www.kwmins.com



Access your
policy

Pay your bill
on-line

In-network
doctors and
hospitals

Review with us

E-mail us



Report a claim

Print a Certificate
of Insurance

Get an Ohio
driving record

FASTER : EASIER : SMARTER



Into the Future: 2010 and Beyond

Our 150th anniversary reminds us of the legacy we inherited and the obligation we have to future generations to remain a viable entity. Certainly, the acquisition in April was a step to ensure our continuity. But it is not the sole answer. To that end, we have numerous plans to take the agency into the future.

- **Additional Producers.** In the first quarter of 2010, we will add a producer at our Highland office to focus on commercial insurance. We will continue to add more producers at the other locations during 2010 and beyond.
- **Sales Management.** We recognize that an agency our size now requires an individual whose sole job is to mentor, coach, and advise our sales staff. With nearly 20 sales people on board, we owe them the expertise of an experienced, proven sales leader.
- **Focus on Service.** We have long stressed that service is as important as sales to our organization. We now take that to a new level with the hiring of an individual who is dedicated to reviewing our clients' policies, with a keen eye for potential improvements in their programs.
- **More Acquisitions.** New acquisition opportunities will continue to be of interest in 2010 and beyond. The "right" acquisition will bring us new talent, additional carriers, and greater revenue.
- **Technology Mantra.** Our mantra for technology has always been, "Cutting edge, not bleeding edge." We want to be first in – once the technology is proven. The speed with which that happens continues to increase, so our Systems Administrator diligently researches new technologies. Then we make conscious choices about those in which to invest.

Post Script: Toledo BIZinsider magazine, a Toledo Blade publication, spotlighted our agency in its December 2009 issue. The reporter said we were chosen in our 150th year as an example of a long-standing Toledo company. You can read the article on our website:
www.knightinsurance.com/bizinsider.

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