2013
Annual Report

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KNIGHT
INSURANCE GROUP

2013 Annual Report

one
for all

JANUARY 2014

Dear Stakeholder:

ONE was a meaningful theme for us in 2012 and it carried through in 2013, with a twist. Where 2012 consisted of many examples of our agency coming together internally as **ONE**, 2013 had an outward focus—toward our clients. Repeatedly, clients saw us as their one-stop shop. Our counsel and carriers were all they needed. Thus, **One for All**. Our team worked together—sales and service—to bring in new clients and retain them. **One for All**. To accomplish **Agency of Choice**, we really must be **One for All** of our stakeholders—carriers, team members, clients, owners, and community.

Agency of Choice sums up all that we strive to be for you: a world-class team with a dogged commitment to deliver excellence and professionalism in all our dealings. When **Agency of Choice** was first unveiled two years ago, we knew we were on a long-term journey. As we move into 2014, we are discovering how true that is! We continue to learn and communicate new ways to live **Agency of Choice** for all of our stakeholders. This really is a continuous improvement process that never ends. We appreciate your role in our journey.

Thank you for your interest and your contribution to our success in 2013.

KNIGHT INSURANCE GROUP

Kenneth P. Knight

Kenneth P. Knight CEO

Samuel Hammons III

Samuel Hammons III Partner
Executive Vice President

Diane T. Hipp

Diane T. Keil-Hipp Partner
Vice President, Operations

Mark A. Willis

Mark Willis President and Partner
Knight Willis Insurance Agency, LLC

Norman Fairman

Norman Fairman Partner
Knight Chisholm Insurance

Joe Frankovich Partner
Knight Chisholm Insurance

Jason Chisholm Partner
Knight Chisholm Insurance

John Gage

John Gage Partner
Knight Willis and Knight Chisholm Insurance Agencies

Andy Murphy Partner
Knight Willis Insurance Agency, LLC

Thomas G. Hart

Thomas G. Hart President
KCM Consulting

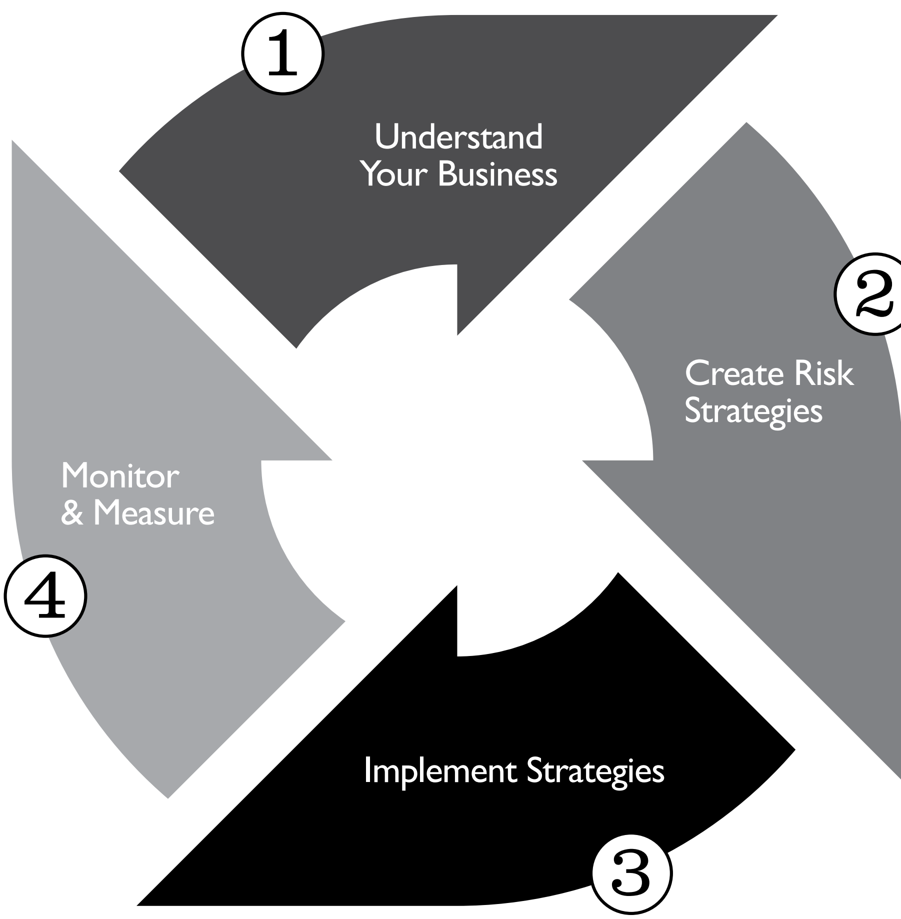
D. Bradley Wilson Vice President
Wilson Lawson Myers Insurance Agency

Knight Vision

We see things that others don't.

Last year, we whetted your appetite with an introduction to a new consultative, diagnostic process we call Knight Vision. As promised, this year, we're excited to share an outline of the process with you.

Our Knight Vision process is a proprietary tool that takes a holistic approach to our client's business. We don't just sell insurance—we help identify risks, create strategies to mitigate risk, and assist in reducing the overall cost of risk. Some of those strategies include insurance and some do not. We ask provocative questions that promote thinking about the business. Through this process, we discover things that others don't. And the end result for our client is dramatic!



2013 Sales Highlights

2013 was an exciting and productive year for our sales team. Great progress was made on various initiatives. Following are highlights of the year:

- The Commercial Lines Team wrote more accounts in excess of $50,000 than in any prior years.
- Five new clients became business partners based on the Knight Vision process.
- The Middle Market Team structure was completed and implemented with the merger of Chisholm & Associates in Westlake, Ohio.
- All sales executives developed their own business plan called the Performance Map 365 Personal Business Plan.
- A Partner-Carrier Program was planned and implemented.

Key Results
from 2013 Sales Efforts

- Top Sales Executive: Joe Frankovich – Westlake Middle Market Team.
- The sales team wrote 370 new business accounts in 2013.
- Hit ratio for 2013 was 48.1%.
- Agency-wide volume increased by 13%.
- Average commission per new client increased by 2.3% for personal lines and 112.9% for commercial lines.

2014 and Beyond

The New Year brings new dreams, goals and objectives for the Sales Team. Our major goals for this year are:

- Establish and implement a sales transition plan for our Highland, Indiana, office to include a possible merger and the recruitment of one new producer.
- Recruit an experienced sales executive for VIP Personal Lines clients.
- Opportunistically add to our sales team through networking.
- Target the Columbus market for sales opportunities and new sales executives.
- Develop a focused sales plan for Central Ohio and North East Ohio.

Sales Retreat

The Sales Team worked together with Scott Addis of Beyond Insurance to help develop and refine our Knight Vision process skills. The event was a Sales Retreat hosted in May, 2013 by our Partner-Carrier, Westfield Group. The retreat focused on several important developmental areas:

- Practice and perfect the skills required to become a competent outsourced risk management consultant for prospects and clients.
- Develop and ratify the Knight Insurance Group Value Proposition for our stakeholders.
- Engage in simulations to practice our skills with the Knight Vision process.

Our team came away with new skills and competencies that we'll practice as we continue our journey to be the **Agency of Choice** for all of our stakeholders.

Top Left: Scott Addis of Beyond Insurance shares important process information with our team.

Top Right: Team members prepare to participate in simulations to practice and refine their risk management consultation skills.

Bottom: Team members gather for a photo outside at Westfield Center. A great time was had by all!

Becoming **One**

In May, we officially tied the knot with Chisholm & Associates, of Westlake, Ohio. This merger gave our Cleveland operation a brick-and-mortar office and a full team of accomplished insurance agents. Jason Chisholm, the owner, is now a partner of Knight Chisholm Insurance.

Chisholm & Associates was established in 1954 by Jason's grandfather, Warren F. Chisholm, Jr. Jason's father, Chip, joined the agency in 1974, and Jason in 2000. It was definitely a family affair! The agency had expertise in property-casualty and group health and life, making it a full-service agency. In 2005, Chip passed away after a brief battle with cancer, and his father, Warren, Jr., followed in 2010.

The Westlake office is led by Norman Fairman, along with Jason Chisholm and Joe Frankovich, the other partners of Knight Chisholm. The entire team from Chisholm & Associates remains with us and is a great addition.

CHISHOLM & ASSOCIATES
INSURANCE AGENCY

KNIGHT CHISHOLM
INSURANCE Agency


Norman Fairman
Partner


Jason Chisholm
Partner


Joe Frankovich
Partner


Pat Cowen
Accountant


Amy Halaburda
Business Account Manager

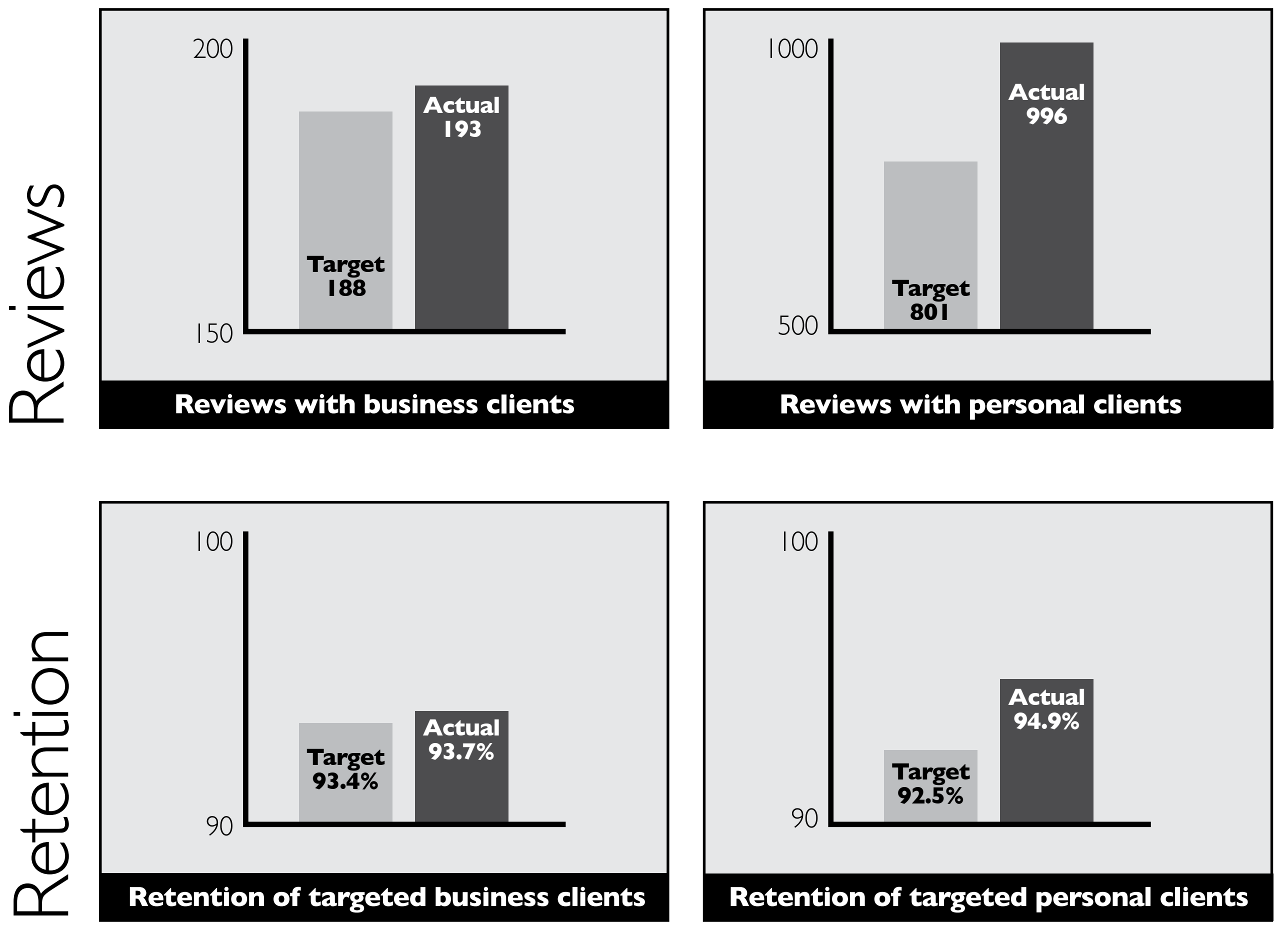

Dorothy Hale
Personal Lines Account Manager


Frances Lyons
Business Account Manager


Renata Zbydniewski
Claims Specialist

2013 Client Service Highlights

We have tracked client retention for over 15 years. Over the years, we've learned a lot about which statistics matter and how to measure retention to garner the most relevant information. Each year, the Client Service Teams strive to improve their retention percentage. Team goals are established, and a bonus paid if they are achieved. In 2013, here is how our teams did against goal:



Goals and hard data are important in any business. Equally important, though, are the "soft skills"—how we converse with our clients, respect their time and point of view, how we listen and give them our undivided attention. These are the skills that we focused on at our 2013 Service Retreat, "In My Client's Shoes."

Client Service Retreat:
In My Client's Shoes

As a follow-up to the very fun retreat in Indianapolis, we hosted our 2013 Client Service Retreat in Toledo. Our entire service team joined us in Toledo for a weekend mixed with fun and learning. After a delicious dinner at Rockwell's, the team had its choice to gamble at the new Hollywood Casino or enjoy *Dreamgirls*, a stage production at the Stranahan Theater.

With no big winners from the night of gambling, the gang showed up the next day in yoga gear, ready for a unique morning. The theme, "In My Client's Shoes" came directly from one of the Top Customer Service Skills this same team developed in Indianapolis. Facilitated by Erika Oliver, we spent the morning reflecting inward and learning to eat our PEAS: choose our Position, manage our Energy, make positive Assumptions, and Start with three good things. Truly, only when we have positioned ourselves positively can we serve our clients in the best manner possible.

Additionally, each team member picked three of the Skills to personally work on over the course of 2013. This activity helped make the Skills not just a fancy document, but a working checklist from which we can all improve.

Above:
The group gathers for a photo at the close of the day.

Above Right:
The group listens to Erika's explanation of eating our PEAS.

Right:
Erika Oliver, our facilitator, leads us through some yoga moves.

Financial Services: One for All

As we work together with our clients and partners to be their **One for All**, we continue to enjoy success and prosperity. Clients are assured that our **one** group can meet **all** their needs with our wide range of investment offerings. We continue to provide confidence by practicing frequent client meetings and reviews.

We were very excited to add a new associate to our group. Jean Derr joined us as an Investment Administrator, bringing valuable skills to us.

Clients were very pleased with the growth of the market and their portfolios. This was a year of market highs. 2013 was a fantastic year for stocks! The good news also included improved employment, a stronger housing market, and minimal inflation, which contributed to an upturn in the overall economy. The S&P had its strongest year since 1997, closing with a 29.6 percent gain. The Dow and NASDAQ also had stellar performance, and most foreign markets saw gains as well.

The Affordable Care Act, more commonly known as Obamacare, was met with intense debate and scrutiny. A faulty website and increased costs added to the controversy. In addition, Washington stirred the pot with debate over the debt ceiling.

The Federal Reserve was also a source of drama for the year. The debate over tapering the economic stimulus program by reducing its $85 billion in monthly bond purchases caused volatility in the market. However by December, outgoing chairman Ben Bernanke's announcement of tapering by $10 billion did not seem to phase the markets. Wall Street was in agreement.

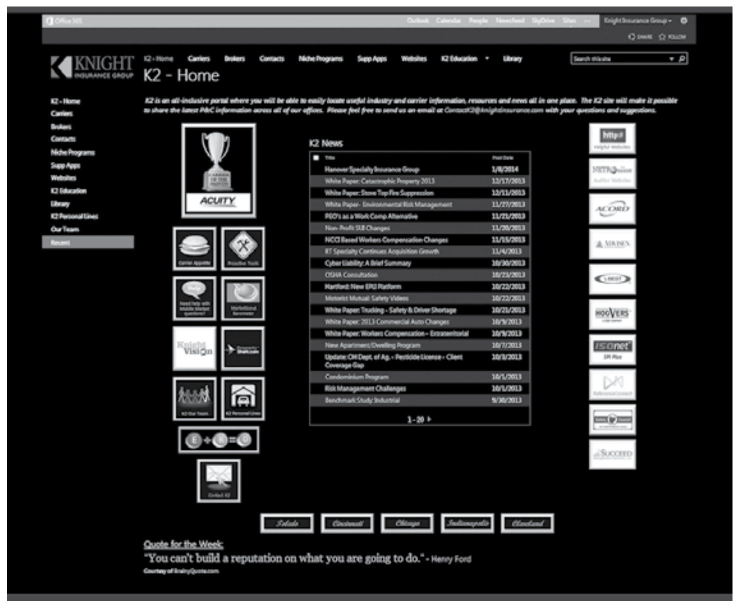
We look to 2014 with optimism as we see continued improvement in employment, the housing marketing and GDP. We look forward to working with our clients as their one source for financial services.

If you'll not settle for anything less than the best, you will be amazed at what you can accomplish in your lives.
Vince Lombardi

Knight Knowledge…
and other I.T. News

In 2013, we made a significant investment to develop a powerhouse intranet that serves as a one-stop shop for all that our team may need. (There's that **One for All** again!) Michelle Bowe, our Information Specialist, spent many months building the structure and loading it with content. We coined this site, Knight Knowledge, or K2. **Here are some of the items housed on K2:**

- Carrier appetite guide
- Carrier staff directories
- Links to other insurance resources, such as RefCon
- Risk management solutions
- Licensing documents



Enhancements are added weekly! What's coming in 2014? A section for Human Resource information so that team members can manage their benefits in an on-line, self-serve fashion.

Our I.T. department has not slowed down from the massive integration completed last year. Here are highlights of projects worked on in the past year:

- Merged Chisholm & Associates into our agency database.
- Attended a national conference to learn about the next big advance in insurance software.
- Installed a new phone system in Toledo that integrates with all locations.

In 2014, we have the following plans:

- Add a team member to the department to assist with increased demands.
- Continue research on the latest insurance software and plan the migration.
- Install Help Desk software to more effectively manage user calls.
- Provide regular training to team members to increase productivity.

All for **One**

Our people make this agency. We have fantastic team members who care about our clients, are extremely knowledgeable about insurance, and are very dedicated and loyal to us. Our average tenure at the agency is 12 years. This is no accident. This past year, we had several employees celebrating significant anniversaries at the company. We're pleased to spotlight them this year.

Vicki (second from left) and her family at her surprise party.

Vicki Wiczynski celebrated 30 years at the agency in May. Vicki started at Mullan Insurance in 1983 as part of her high school co-op program. She quickly became an asset to the firm, working her way up to office manager. At Knight, Vicki is the Commercial Lines Team Leader for Toledo, supervising the service staff, in addition to servicing her own business clients. Vicki holds three designations: Certified Insurance Counselor, Certified Insurance Service Representative, and Certified Professional Service Representative. Congrats, Vicki!

Andy Murphy celebrated 10 years at the agency in February. Andy has an impressive background in insurance, holding four distinguished designations: CLU, ChFC, CPCU, and CIC. His years of experience at the carrier came in handy when he decided to migrate to the agency side and try his hand at sales. Andy embraced niche selling and has found great success the past few years, earning him the agency's Commercial Lines Sales Person of the Year in 2010.

Andy, holding hiking trail guidebooks to go with his NorthFace backpack.

Sherri, clutching her gift, a Vera Bradley bag and wallet.

Sherri Hanish celebrated 10 years at the agency in October. Sherri is our Business Account Manager at the Highland office. In addition, she assists our Toledo sales team, as the "go-to gal" when a rush job is needed. Sherri had two significant events in her career this year—in addition to her tenth anniversary, she also earned her CIC designation, Certified Insurance Counselor. This is a lengthy process that Sherri worked on for three years. Double congrats, Sherri!

The always smiling Sam.

Sam Hammons celebrated 15 years at the agency in September. Sam has spent his entire career in insurance, starting at a carrier shortly after graduation. Sam joined the agency right before the merger of Knight Insurance and Crockett Miller, as Sales Manager and Commercial Lines Producer. Sam became a partner in 2002. Sam's vision to move away from commodity selling was the seed that became Knight Vision, and Sam has been instrumental in teaching other team members this diagnostic, consultative process.

Theresa Holman celebrated 15 years at the agency in February. Theresa started in the service department at Crockett Miller in 1998 as a CSR. Soon after, Crockett Miller and Knight merged, and with it, Theresa took on a new challenge. She moved from service to Personal Lines sales, dealing mostly with referrals. Her sales over the years have been very consistent, as has the retention of her clients. Congrats, Theresa, on 15 years at the agency.

Therasa, opening her gift, a necklace from J Crew.

We'd like to publicly recognize all of our team members who have been with us for ten years or more. It's their dedication and hard work that has made this agency. High Five!

10+ Years	15+ Years	20+ Years	25+ Years	30+ Years
Ron Carter	Linda Augustyn	Sandi Mominee	Tracy Barber	Ken Knight
Jason Chisholm	Lisa Cleghorn	Carl Richardson	Stephanie Ehman	Vicki Wiczynski
Sherri Hanish	John Gage	Mark Willis	Dorothy Hale	Brad Wilson
Marty Kupsky	Sam Hammons	Renata Zbydniewski	Diane Keil-Hipp	
Peg Lowry	Theresa Holman			
Frances Lyons	Marlene Lemons			
Cynthia Matus	Lucy Spitale			
Andy Murphy	Robbie Wilson			
Bridgett Purpich				
Carol Taylor				

One for All
Stakeholders

In our quest to be **One for All** our stakeholders, we created a Stakeholder Intimacy Program this past year. Its purpose is to carry out our vision of what it means to be the **Agency of Choice** to our stakeholders: Clients, Team Members, Community, Carriers. To that end, a team was built for each stakeholder group. Their task: to find ways to accomplish these goals:

1. Stay connected.
2. Have meaningful touches.
3. Build lasting relationships.

If we achieve these goals, our stakeholders will become ambassadors for us and ultimately, loyal, raving fans of Knight Insurance Group. The teams got busy! Here's a taste of what two of our groups accomplished:

Community. This group identified local charities or organizations that needed help. They raised money through bake sales, jeans days, and just asking team members! With a match from the agency, they were able to accomplish great things. Here are just a few of the events that took place this year.

Top Left:
Cynthia Matus reads to a class at Rosary Cathedral School.

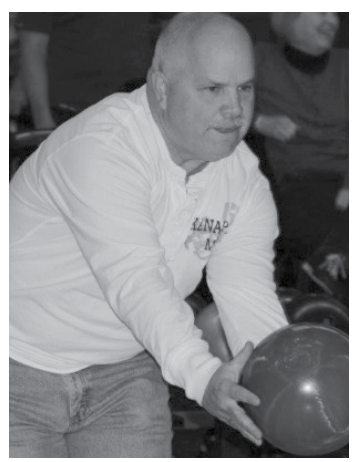
Above:
Chris Glisson's group, Knights for a Cure, race against Crohn's Disease.

Left:
Bake sale goodies to raise money for Honor Flight.

Left:
Halloween costume contest.

Below:
The Wilson gang at Connersville's Bicentennial.

Team & Families.
This group planned fun activities for our team, in and out of the office. These photos depict just some of the activities that went on this year.



Above:
Concentrate, Ken, concentrate!

Middle:
Team and their families having fun at Put-in-Bay.

Bottom:
Go-kart race as part of Connersville's Bicentennial festivities, sponsored in-part by Wilson Lawson Myers.

Watch in 2014 for a new name for this program. A naming contest is underway in 2014, with a $100 prize going to the winning entry!

#1 Employees

Our team continues to reach above and beyond in so many ways. We are proud to share their accomplishments with you.

Sandi Mominee, outgoing President of the Toledo Association of Insurance Professionals, was awarded the local Insurance Professional of the Year. To even be eligible to win, candidates must have been in the insurance industry for ten years, an active member of IAIP for five years, active in various committees of the organization, and must submit an essay about legislative involvement, industry alliances, and professional networks. Suffice it to say, this award takes years in which to even qualify!

Andy Murphy, outgoing president of the West Chester/ Liberty Rotary, still serves on the board and was a committee member of Rotary's fund raising committee.

Allison Hammons served as president of the board for Women's Entrepreneurial Network in 2013, is on the board of Leadership Toledo, and served as membership chair of Northwest Ohio Regional Economic Development Association, where she created the first "Showcase" in October.

Robbie Wilson gave of his time and talent in various ways this past year. As a Jaycees officer, he chaired the Jaycees go-kart race during the Bicentennial festivities in Connersville and organized a Jaycee group to help with the first soap box derby race since the 1950s when his great-grandpa organized it. Robbie also sits on the Salvation Army Advisory Board, where he worked with several contractors to incorporate the food pantry into the main building.

John Gage moves into the role of President of the Northwest Ohio ASCnet Board, an Applied Systems Users Group. John has been on the board for three years, developing day-long seminars for users of our insurance software program. John is an often-sought-after resource for many users across the state.

Cynthia Matus was elected President of the Toledo Association of Insurance Professionals, assuming the role formerly served by Sandi Mominee. (An accomplishment for the agency to have both the incoming and outgoing presidents!) In addition, Cynthia was awarded a scholarship for a CISR class at the National Insurance Professionals conference. Her essay won over hundreds of entries from across the country.

Brad Wilson served as Vice Chair of Region 6 Workforce Development Offices. This group provides training and skill sets to get people back into the work force. One particularly satisfying accomplishment is the high school program, JAG: Jobs for America's Graduates. This is an in-school program for "at risk" juniors and seniors. There are now two JAG classrooms in Fayette County Schools.

Diane Keil-Hipp was recently elected Secretary of the Professional Independent Agents Association of Ohio. Her term starts in 2014, and in 2016, she will be President of the association. In addition, Diane was also elected to the Westfield Agents Association Board, commencing in April. In doing so, she continues a long tradition at Knight Insurance Group of serving on this board.

The following team members earned new designations in 2013:

Jason Chisholm, CIC
Sherri Hanish, CIC
Jill Cox, CIC
Allison Hammons, CPIW
Kristy Riffell, Ohio Agent License

Announcing...**Promotions!**

One of the more significant events in 2013 was the creation of a new structure within our Client Service Department. Its purpose is to provide greater oversight and more opportunities for mentoring and coaching, all resulting in higher consistency, improved accuracy, and ultimately, better service.

These new Team Leaders supervise staff within their departments and continue to service clients, as they all did before. In preparation for the new role, they participated in a ten-week leadership development class to provide them with the skills needed for a successful start. We are very proud to introduce them to you.

Marlene Lemons, Personal Lines Team Leader. Marlene has been with the agency since 1995 and has worked the entire time in the Personal Lines Department. She is currently pursuing her CIC designation. Marlene supervises the Personal Lines teams at our Hamilton, Highland, and Connersville locations.

Stephanie Ehman, CIC, Personal Lines Team Leader. Stephanie joined us last year, when Mullan Insurance merged. She had been at Mullan since 1986, where she worked exclusively in the Personal Lines Department. Stephanie supervises the Personal Lines team at Toledo.

Sandi Mominee, CIC, CPIW, Commercial Lines Team Leader. Sandi has been with the agency since 1992. Over the years, she has built personal relationships with many of her business clients. Sandi supervises the Commercial Lines teams at our Hamilton, Highland, and Connersville locations.

Vicki Wiczynski, CIC, Commercial Lines Team Leader. Vicki joined us last year, when Mullan Insurance merged. She had been at Mullan since 1983, and most recently, was the Commercial Lines Account Manager and Office Manager. Vicki supervises the Toledo Commercial Lines team.

The **Knight** Academy

As part of our commitment to excellence and continuous learning, the agency held a series of three high-quality sessions under our new education wing, Knight Academy. These sessions were created and conducted by Joe Frankovich, one of our Partners and leader of our Middle Market Division. These inaugural sessions focused on creating World Class Submissions for our insurance company underwriters. Here's a peek at the content of each session:

Session 1: Held in Westlake, this session included a summary of the critical information our underwriters need to evaluate before they provide a quotation. The group also worked on a case study involving an actual West Virginia mining equipment manufacturer. The main activity was to evaluate and discover coverage inadequacies in this company's insurance program.

Session 2: Held in Toledo, this session focused on how to develop required underwriting information (building construction types, products liability exposures, etc.) for underwriters. The group also participated in a simulation of a proposal developed for an actual account.

Session 3: The final session of the series was held in Columbus at the facilities of Partner-Carrier, Motorists Insurance Company. This wrap-up session taught participants how to pull all of the World Class Submission elements together, with an ultimate goal of fitting the risk exposures and insurance needs of our clients with the best carrier. The team also spent time reviewing our Knight Vision process and how we can continue to enhance the tools in our toolbox.

Checking Back...and Checking Off

Each year, we end our Annual Report with a list of goals for the coming year.
We thought now would be the perfect time to revisit that list and see how well we did.
So, here's a run down of last year's goals and a current status.

Goal	Current Status
Launch Knight Vision as our sales strategy.	Launched in 2013.
Grow our sales of Middle Market clients.	2013 exceeded our sales expectations with more accounts written in excess of $50,000 than in any prior years.
Create Oneness among all our team members.	• Created agency-wide teams in the Stakeholder Intimacy program. • Held monthly departmental meetings. • Launched K2 for agency-wide access to a wealth of insurance resources. • Hosted the agency-wide Client Service Retreat, "In My Client's Shoes." • Hosted the agency-wide Sales Retreat, "Knight Vision in Action." This goal is always on-going; we will do more in 2014.
Increase our team's insurance expertise.	Another on-going goal, so we hesitate to check the Done box…Here are some examples of our progress: • Pursuit of insurance designations by more people than ever before. • Held ten-week leadership development classes for our new Team Leaders. • Employed expert consultants to offer training in leadership and personal development. • Conducted three sessions on World Class Submissions through our newly established Knight Academy.
Find ways to improve retention & service.	• Developed an enhanced service model for our best customers. • Analyzed our lost business statistics against our processes for a link between the two. • Continued our Gainsharing retention program.
Promote our website as a competitive advantage.	• Revamped our New Client Welcome program to promote our website. • Set up analytics and monitor the site bi-weekly (in 2014). • Created marketing materials for sales consultants to share with prospects and clients.

So, what's on the plate for **2014?**

2014 will be a year of continuance… Continuing to work on many of the items from 2013, with some new ones mixed in. Here's what we see happening:

- Continue to grow Middle Market. Our goal is to increase new revenue by 30% over last year.
- Continue the Stakeholder Intimacy program. A new name is in the works, and each team will have plenty to report.
- Continue our quest for Oneness. K2 will house Human Resource information for the first time, making it easier for our employees to manage their various benefits. We will host more gatherings as one agency.
- Continue personal and professional development. This includes new sessions at Knight Academy, which will deal with risk management metrics and other value added tools. Team members will continue their pursuit of designations to continually improve their knowledge.
- Continue to build tools in our Knight Vision toolbox to bring so much value to our clients that they can't afford not to do business with us.
- Pursue acquisition/merger opportunities. Talks are in the works with several opportunities in Ohio and Indiana.
- Solidify the new Team Leaders in their roles, resulting in improved accuracy, more service offerings, and a greater level of camaraderie.
- Share our collective talents and specializations across all locations.
- Establish Knight Insurance Group Core Values and communicate them to the entire organization.

A full list, no doubt, but we are focused on this work to build an organization for the next generation. The statement from our 2011 Annual Report still guides us: *We foresee a larger regional agency with multiple owners that promote the Agency of Choice mantra in their words and deeds.* Our achievements in 2013 are steps on that journey.

Our best to you in 2014.

KNIGHT
INSURANCE GROUP

Agency of Choice

KNIGHT CROCKETT MILLER
INSURANCE *Group*

KNIGHT WILLIS MURPHY
INSURANCE *Services*

WILSON LAWSON MYERS
INSURANCE *Agency*

KNIGHT CHISHOLM
INSURANCE *Agency*

WHITE & HAVENS
INSURANCE *Services*

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