

COMPANY NAME

Company Profile

January 5, 2012

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BUSINESS & OPERATIONS

EXECUTIVE OFFICE	555 Pleasantville Road, Ste. 120 S. Briarcliff Manor, NY 10510 Phone: 914-123-4567 Fax: 914-123-4567 URL:
COMPANY TYPE	Private Company
EMPLOYEES	3,162
PRIMARY SIC CODE	6411: Insurance agents, brokers, and service
OPERATIONS	80 offices in about 25 states; California, Connecticut, Florida, Illinois, Kentucky, Louisiana, Maine, Massachusetts, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Vermont, Virginia, Washington

BUSINESS DESCRIPTION

Insurance isn't exactly a product you can store and ship, but it still needs distributors, and that's where XXXXXXXX comes in. A major US insurance broker, XXX distributes insurance products and provides consulting and administrative services to businesses through 80 offices in about 25 states. It specializes in commercial property/casualty and employee benefits insurance for small and mid-sized businesses, but also dabbles in wealth management and retirement services. The company's XXX Workplace Benefits units provide benefits-related consulting and administration. XXX is owned by XXXX Partners.

Other specialized units offer insurance and risk management for healthcare facilities (XXXHealthcare) and affinity groups such as professional associations (XXXAffinity). Though the company provides centralized administrative and financial services to its operating subsidiaries and divisions, it gives them operational control of day-to-day activities to allow for the customization of products and services in targeted geographic and customer markets. By offering a wide range of services, XXXXXXXX aims to be a one-stop-shop for linked products (insurance, employee benefits, risk management, and asset and financial services) to individual customers.

Since its formation in 1994, the company has grown by buying up more than 100 brokerages and other firms nationwide. Its acquisition appetite was ravenous in its early years, but since 2000 it has focused on integrating the acquired businesses and developing a more selective strategy. Still, XXX averages about one acquisition per year, including the 2008 purchase of employee benefits insurance brokerage CCS, LLC which helped it expand its holdings in South Florida.

In early 2010 the company expanded its presence throughout the Midwest with the buy of National City Insurance from PNC Financial Services. The acquisition of the employee benefit insurance broker marked XXXXXXXX' entrance into Kentucky and Missouri (the company also picked up offices in Ohio in the deal). Later in 2010, the company strengthened its operations in the Northwest when it acquired Washington employee benefits firm RA Bench. In early 2011 it acquired a West-Coast based commercial marine business and added it to its existing marine business.

XXXXXXX was taken private when it was acquired by GS Capital Partners, a private-equity arm of Goldman Sachs, in a 2007 deal valued at \$1.4 billion.

FAMILY OF COMPANIES

XXXConsulting Group

One of the largest employee benefit consulting and outsourcing firms in the United States, delivers customized solutions for mid to large sized organizations. We have the resources, technical expertise and objectivity to look at the bigger picture when it comes to your benefit program. [Click here to learn more](#)

XXXAffinity

Specializes in providing insurance, financial and risk management services to individuals, professionals and business owners through their association memberships. We are dedicated to satisfying the complete insurance needs of our customers, while delivering cost-effective business solutions.

[Click here to learn more](#)

XXXHealthcare

Specializes in providing insurance, and risk management services for physicians and healthcare facilities. We are dedicated to satisfying the complete insurance needs of our customers, while delivering cost-effective business solutions. [Click here to learn more](#)

Univers Workplace Benefits

Dedicated to elevating the benefit knowledge and enrollment experience of the nation's

workforce, Univeris conducts more personal employee benefit reviews and enrollment sessions than anyone else. We can help you enhance your workforce's comprehension and appreciation of all you offer to them, and increase enrollment participation. [Click here to learn more](#)

XXXSecurities

[Click here to learn more](#)

PRODUCTS & SERVICES

Insurance-Related Financial Services

- 401(k), defined contribution and defined benefit pension plan design and administration
- Medical benefits third party administration
- Medical benefits self-insurance plan design and administration
- Human resources outsourcing
- Actuarial services
- Group medical, dental and life coverage
- Medicare supplement
- Life, health and personal lines mass-marketing to associations
- Medical, disability and life insurance programs
- Association administration
- Annuities
- Flex and COBRA administration
- Human resources planning, consulting and outsourcing
- Executive compensation consulting
- Placement of stop-loss coverage
- Estate, retirement and business succession planning
- Prescription drug discount programs
- Established nationwide preferred provider organization and diagnostic lab networks

Property and Casualty Programs

- General commercial liability
- D&O, E&O and other professional liability
- Workers' compensation
- Self-insurance plans
- Professional liability
- Bonds: construction, fidelity, surety
- Commercial insurance products tailored to specific industries:
 - Agriculture
 - Apartments and Condominiums

- Aviation
 - Communication
 - Construction/Contractors
 - Crane and Rigging Risk Management and Insurance
 - Energy, Marine
 - Entertainment
 - Environment
 - Equipment Rental
 - Financial services (Banks, Securities, Investment firms)
 - Government/Public Entities
 - Healthcare/Hospitals
 - High Technology
 - Home Security
 - Lodging, Motels, Hotels
 - Manufacturing
 - Medical Professionals
 - Museums/Fine arts
 - Non-Profit/Social Service
 - Engineers, Architects, Lawyers
 - Retail and Wholesale Trade
 - Timber and Forestry-related Products
 - Transportation: Auto Rental, Dealerships and Trucking utilities
- Personal lines
 - Wholesale, Surplus Lines and Specialty Products
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Employee Benefit Business Strategies

There are many factors that influence health plan selection that we can assist you with, such as:

- Health care benefits offered by each provider
- Employee out-of-pocket costs
- Employee premium contributions
- Employee attitudes towards the FFS plan or HMO
- Communication of benefits
- Enrollment process

Some of the many products and services provided include:

- Review existing benefit program and assess the feasibility of first dollar or self insured plans
- Evaluate benefit providers based on premium levels, plan design, and network match
- Negotiate with group medical, dental, vision, LTD and AD&D providers to bring you a quality plan at a reasonable cost
- Enroll employees and their dependents into available benefit options through the use of traditional enrollment, online enrollment, or a combination
- Respond to employee questions or concerns regarding their group benefits.
- We will provide all the necessary plan materials, enrollment and claim forms, provider directories, benefit summaries, and summary plan descriptions
- Assistance in completing IRS 5500 filing

- Communicate with health care providers on behalf of your company or employees regarding such issues as billing discrepancies or mispayment of claims
- Comprehensive COBRA administration
- Integrated benefits
- Online assistance providing answers to you and your employees' questions
- Section 125/Cafeteria plan.
- Wellness programs
- Long Term Care
- Employee Assistance Programs
- Human resource assistance including sample HR policies and procedures, performance evaluations and consultations on HR questions

International Employee Benefit Services

- International Audit
 - Employees - create and/or scrub international census. Captures each location, number of employees, type of employee, payroll origination, etc.
 - Benefits - Discover what is currently being offered in each location, plans, products, effective dates, policies, etc.
- Ascertain benefits philosophy
 - Discover via surveys and conversation, where you would like to be in offering benefits to your international population, on-par, better than average or exceptional in each country or overall in your international strategy.
 - What kinds of plans would you like to offer locals, in addition to local government plans
- Country Specific Information
 - Country Profiles and business practice reports - For each country you operate in, we give you benchmark data around what are typical supplemental benefits offered, average costs and trusted carrier options.
 - Legislative updates - Keeping up on each countries legislative mandates and requirements for benefits offerings to make sure you are compliant and stay compliant.
- Recommendations, implementation and ongoing service
 - Go through options we have narrowed down as best practice options, based on your philosophy, employee needs, and country specific legislation and help you to choose the best option.
 - Create a multi year implementation strategy around ongoing audits, service, pooling options and carrier selection.

TOP COMPETITORS

XXX Corporation

XXX (the name means "oneness" in Gaelic) is one of the world's leading insurance brokerages, as well as a top reinsurance broker. The company operates in two major segments: commercial brokerage and human resource services. The company's XXX Risk Solutions brokerage unit provides retail property/casualty, liability, workers' compensation, and other insurance products for groups and businesses, as well as risk management services. XXX Benfield handles reinsurance brokerage and analysis services to protect insurers from losses on traditional and specialty property/casualty policies. XXX's HR Solutions consulting division is led by XXX Hewitt, which specializes in employee benefits administration.

XXXXX & XXXXX

XXXXX & XXXXX Companies is the ultimate middleman. The company is one of the world's largest insurance brokers. Through core insurance subsidiary Marsh, the company provides a broad array of insurance, consulting, and risk management services; its reinsurance business is handled by subsidiary Guy Carpenter. XXXXX & XXXXX also owns Mercer, which provides human resources and financial consulting services to customers worldwide, and Oliver Wyman, which provides management consulting services.

XXXXX Group Holdings

XXXXX Group Holdings isn't one to pass the buck -- but it will pass along the risk. The company is a top global insurance broker, specializing in reducing risk for entities in such fields as aerospace, construction, energy, health care, marine, mergers and acquisitions, and such niche areas as racehorse breeding and extortion. XXXXX provides retail and wholesale insurance policy placement (on behalf of insurance companies), as well as risk consulting and risk transfer services to its clients. It also has reinsurance (insurance for insurers) brokerage operations. The company's clients include middle-market corporations, multinational firms, government and other institutions, and private individuals.

MANAGEMENT

EXECUTIVE BIOS

Michael J. XXXXX

Chairman, President and Chief Executive Officer

Michael J. (Mike) XXXXX has been Chairman, Chief Executive Officer and President of XXXXXXXX Corp. since November 2007. Mr. XXXXX served as the Chief Operating Officer for XXXXX North America Inc. of XXXXX Group Holdings Ltd. He joined XXXXX Group Holdings Ltd., in December 1998 as Director of Strategic Planning and Development in XXXXX North America. Mr. XXXXX served as Senior Engagement

Manager with McKinsey & Co., based out of Atlanta, Georgia. He served as a Consultant to XXXXX Group for approximately two years. He has been a Director of XXXXXXX since November 2007. He received his BA from Duke University and JD from Harvard Law School.

Michael XXXXX

Executive Vice President and Chief Financial Officer

Michael XXXXX serves as Executive Vice President and Chief Financial Officer of XXXXXXX Corp. Mr. XXXXX serves as Executive Vice President and Chief Financial Officer for XXXInsurance Services at Greatbatch Inc. He served as Executive Vice President and Chief Financial Officer of XXXXX HRH, Inc. (alternate name Hilb Rogal & Hobbs Co) from 2005 to 2008. He joined HRH from Guidant Corporation, where he served as Vice President of global control and reengineering from 2004 to 2005. He served as Vice President and Chief Financial Officer of Worldwide Customer Services Operation for NCR Corp. from 2002 to 2004. From 1999 to 2002, Mr. XXXXX served as President and Chief Executive Officer of Access Worldwide Communications Inc.

From 1997 to 1999, he served as Chief Financial Officer of Access Worldwide. Mr. XXXXX began his career at General Electric Company Inc. in the Financial Management Program. During his 17 years there, he served in financial management positions of increasing responsibility, including serving as an instructor for GE's Financial Management Program. Prior to that, Mr. XXXXX held senior positions at Cadmus Communications Group. He served as Chairman of Access Worldwide Communications Inc. from 1997 to 2002. Mr. XXXXX has been Director of Greatbatch, Inc., since 2008. He served as Director of Access Worldwide Communications Inc. He served as Director of LandAmerica Financial Group, Inc. from 1997 to 2009. Mr. XXXXX has attained both a CPA as well as a Certified Management Accountant certification and earned a Bachelor's of Financial Administration degree from Michigan State University.

Philip E. XXXXX III

Chief Operating Officer

Philip E. XXXXX III serves as Chief Operating Officer of XXXXXXX Corp. and served as its Senior Vice President since March 8, 2006. Mr. XXXXX is a Partner of Capital Z Financial Services Fund II, LP and has been involved in private equity investing since 1992. Mr. XXXXX served as the Vice President of Operations of U.S.I. Holdings from 2004 to 2006. Prior to joining Capital Z, he worked on private equity transactions with Zurich Centre Investments and Morgan Stanley Capital Partners. At Zurich Centre Investments, he focused on early-stage and late-stage venture capital investments in financial services and healthcare services companies. At Morgan Stanley Capital Partners he focused on traditional leveraged buyout transerves as ctions in a broad array of industries. He served as a Director of U.S.I

Holdings Corp. since 1999 and served as a Director of Authoria, Inc. Mr. XXXXX graduated cum laude from Princeton University with a B.S.E. in Civil Engineering and Operations Research.

Ernest J. XXXXX II

Senior Vice President, General Counsel and Secretary

As USI's Senior Vice President, General Counsel, and Secretary, Ernest J. XXXXX II directs the in-house legal department as well as the retained law firms of USI. He also serves as corporate secretary of USI. Mr. XXXXX is also responsible for advising the chairman, chief operating officer, chief financial officer, and members of the board of directors on legal matters involving the corporation, partner companies and possible acquisitions. Mr. XXXXX has over seventeen years of legal experience, including eleven in the insurance and financial services industry. After graduating from Drake University, Mr. XXXXX received his law degree from the University of Michigan.

After graduation from law school, he was a law clerk for the Indiana Supreme Court, and then a trial attorney for the U.S. Equal Employment Commission. His insurance career began as associate general counsel for Anthem Insurance Companies. Prior to joining USI, Mr. XXXXX was vice president, general counsel and corporate secretary at Acordia, Inc., which, at the time of Mr. XXXXX's tenure, was a publicly held insurance brokerage/administration company. Mr. XXXXX is responsible for corporate law and securities at XXXInsurance.

RECENT COMPANY ACTIVITY

PRESS RELEASES

March 3, 2011

XXXInsurance Services Acquires The Amerisc Corp.

BRIARCLIFF MANOR, NY - XXXInsurance Services announced the closing of the acquisition of The Amerisc Corp., Atlynx Surety Brokers, LLC, and its principal affiliates (collectively "Amerisc"). Amerisc, based in Garden City, NY, with an office in Nanuet, NY, specializes in commercial property & casualty, surety, and employee benefits insurance for middle-market businesses and is expected to contribute approximately \$11.0 million in revenues to XXX on an annual basis. Terms of the transaction were not disclosed.

Michael J. XXXXX, USI's chairman, president and CEO, said: "Amerisc is a great addition and complement to our existing organization. By combining USI's Woodbury office and Amerisc's Garden City office under Phil Samuels and Frank Abbatiello's leadership, we will become one of the largest middle-market insurance brokerage firms in Long Island. In addition, the Nanuet office provides for expansion into the growing area of New York's Rockland County, Hudson Valley, and Northern New Jersey. I am pleased to officially welcome Phil, Frank, and the rest of the exceptional insurance professionals from Amerisc to the XXXteam."

Philip G. Samuels, Co-Founder and President of Amerisc, said: "By joining the XXXteam, Amerisc continues its tradition to enable our insurance professionals to provide the level of service and attention to help our clients manage their insurance risk." Frank Abbatiello, Co-Founder and Vice President of Amerisc, said: "XXXshares our commitment to providing excellence in customer service, specifically in the construction industry. We look forward to working with XXXto bring our customers enhanced product and service capabilities."

Louis J. Spina, Douglas W. Cypes, Stephen Grieco, Anthony Martillotti, all former partners of Amerisc, will provide a wealth of knowledge, experience, and management skills to our Long Island and Rockland County operations.

December 23, 2010

XXXXXXX Corporation Acquires Mastors & Servant Risk Services

BRIARCLIFF MANOR, NEW YORK December 23, 2010 - XXXXXXX Corporation announced the closing of the acquisition of Mastors & Servant Risk Services. Mastors & Servant, based in East Greenwich, RI, specializes in commercial property & casualty, bonds, and employee benefits insurance for middle-market businesses and is expected to contribute approximately \$5.6 million in revenues to XXXon an annual basis. Terms of the transaction were not disclosed. Michael J. XXXXX, USI's chairman, president and CEO, said: "Mastors & Servant is a great complement to our existing office in Warwick, RI. By combining the two offices under Joe Servant and Jim Mastors' leadership, we will become one of the largest middle-market insurance brokerage firms in Rhode Island. I am pleased to officially welcome the Mastors & Servant insurance professionals to the XXXteam."

Joseph A. Servant, Mastors & Servant Chairman, said: "By joining the XXXteam, Mastors & Servant continues its tradition of customer service excellence." James L. Mastors, Mastors & Servant President, said: "XXXshares our commitment to providing professional service that exceeds client expectations. We look forward to working with XXXto bring our customers enhanced product and service capabilities."

November 23, 2010

XXXXXXX Corporation Acquires the New Jersey operation of Kinloch

BRIARCLIFF MANOR, NEW YORK November 23, 2010 - XXXXXXX Corporation announced the closing of the acquisition of the New Jersey operation of Kinloch from Kinloch Holdings, Inc. The New Jersey operation of Kinloch, based in West Orange, NJ, specializes in commercial property & casualty and employee benefits insurance for middle-

market businesses and is expected to contribute approximately \$5.1 million in revenues to XXX on an annual basis. Terms of the transaction were not disclosed.

Michael J. XXXXX, USI's chairman, president and CEO, said: "Kinloch's New Jersey operation is a great complement to our existing operation in New Jersey. By combining the two operations, we will become one of the largest middle-market insurance brokerage firms in New Jersey. We expect the synergies created by the combination of the two operations to benefit the clients of both companies through expanded and enhanced product offerings. I am pleased to officially welcome the Kinloch's New Jersey insurance professionals to the XXX team."

March 11, 2010

XXXXXXXXX Corporation Acquires RA Bench Businesses

BRIARCLIFF MANOR, NEW YORK March 11, 2010 - XXXXXXXX Corporation announced the closing of the acquisition of the insurance and financial services business of RA Bench, a Seattle, Washington, based wealth management, executive and group employee benefit insurance brokerage firm. The acquired RAB business, which will be integrated into USI's existing Seattle office, is expected to contribute approximately \$3.0 million in revenues to XXX on an annual basis. Terms of the transaction were not disclosed.

Commenting on the acquisition, Michael J. XXXXX, Chairman, President & CEO of USI, said, "RAB is a great addition and complement to our existing wealth management and employee benefits practice in the Pacific Northwest. This acquisition strengthens our position as one of the largest insurance brokerage firms in the Pacific Northwest. I am pleased to welcome Rod Bench and the rest of the exceptional professionals from RAB to our team."

RECENT NEWS

3rd Circ. Upholds \$20M Copyright Verdict For Graham

Law360, New York (May 17, 2011) -- The Third Circuit affirmed Monday a nearly \$20 million verdict in favor of The Graham Co., which accused a former broker and his new employer of infringing its copyrighted plain-English explanations of different insurance policies and coverage.

The appeals court rejected XXXMidAtlantic Inc.'s arguments that the damages were "so large as to shock the judicial conscience" and affirmed the lower court's award of more than \$4.6 million in prejudgment interest. The precedential ruling was intended to clarify when prejudgment interest begins to accrue in cases where statutes of limitation are tolled by concealment.

The suit said that Thomas XXXXX, who left XXXXX in 1991 to work for USI, took two binders containing hundreds of pages of text describing various types of insurance coverages, exclusions, conditions and similar matter. That material, copyrighted by XXXXX, was used to create similar insurance coverage proposals for USI's clients, according to the suit.

A jury awarded XXXXX more than \$19 million for indirect infringement in 2006, representing approximately 70 percent of USI's profits between 1992 and 2005, according to the Third Circuit opinion.

INDUSTRY TRENDS & ISSUES

INDUSTRY OVERVIEW

The US insurance agencies and brokerages industry includes about 135,000 establishments (single-location companies and branches of multi-location companies) with annual revenue of about \$110 billion. Large companies include Marsh, XXX, Arthur J Gallagher, and State Farm. Despite the prominence of large companies in the commercial segment, the industry remains highly fragmented: the largest 50 firms only hold 20 percent of the total market. Many companies that primarily offer insurance products to businesses function mainly as brokers. Captive agencies operate as a sales agent for a single insurer, working on its behalf; independent brokers sell products from several providers. See the Insurance Carriers profile for coverage of insurance providers and the Managed Healthcare profile for coverage of group health insurance providers.

COMPETITIVE LANDSCAPE

Demand is related to consumer income and commercial business activity. When the economy grows, so does the demand for personal and business insurance. When the economy contracts, as it did in the late 2000s, demand for insurance falls. The profitability of individual agencies depends on effective marketing, client referrals, and customer service. Large agencies have advantages in name recognition, connections with more insurers, and the ability to craft more complex insurance packages. Although small agencies formerly competed by specializing in a specific product line, they are increasingly diversifying to build business.

INDUSTRY INDICATORS

US corporate profits, an indicator of corporate demand for insurance, rose 8.5% in the first quarter of 2011 compared to the same period in 2010. US personal income, which drives consumer ability to pay for insurance, rose 4.4% in April 2011 compared to the same month in 2010. Total US revenue for insurance agencies, brokerages, and other insurance related activities rose 5.4% in the first quarter of 2011 compared to the same period in 2010.

TRENDS & OPPORTUNITIES

MMC Streamlines Business - Industry leader XXXXX & XXXXX (XXX) had strong performance in 2010, particularly by Marsh, in its risk and insurance business. XXX's annual operating income, a measure of its core operations absent financing and tax effects, rose over 20 percent between 2009 and 2010. The figure was also an 18 percent increase over the five-year average for operating income between 2006 and 2010, shutting down the possibility that the rise was an isolated trend coming off a low base. Marsh, which provides risk and insurance services, showed the strongest performance, with a 10 percent revenue increase from 2009. XXX's decision to return its focus to its brokerage business and divest its risk consulting and technology segment, including the sale of Kroll, may have contributed to its success in 2010.

Reinsurance Pricing at Bargain Rates - Reinsurance companies are charging insurers 5 to 10 percent less for backup protection, due in part to excess capital and the absence of hurricanes in the US in 2010, according to The Wall Street Journal. Pricing for casualty reinsurance is lower than for property reinsurance, and analysts have commented that prices are too low. The trend should benefit insurers, but reinsurance demand is low since customers of insurers are purchasing fewer policies due to economic conditions. Insurers that locked in protection at low rates stand to benefit, especially if demand for coverage recovers in the coming year.

Industry Consolidation - Consolidation continues among agencies and among insurance carriers, largely in response to the wider insurance needs of business customers. Some agencies have historically grown through acquisitions. Consolidation may slow down during recessions due to declining revenues and limited capital in the industry.

Consumers Research Policies Online - Studies show that consumers use the Internet to comparison shop, but most also want to ask questions and close the deal with an agent. As a result, fewer agents are needed to serve customers since consumers are doing their own research. Although online insurance sales amount to billions of dollars annually, they are still a small percentage of overall insurance revenue.