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February 17, 2023

Reagan Quarterly

To our friends and clients,

We are excited to release the tenth edition of [Reagan Quarterly](#), our quarterly update of the insurance distribution marketplace.

Key highlights include:

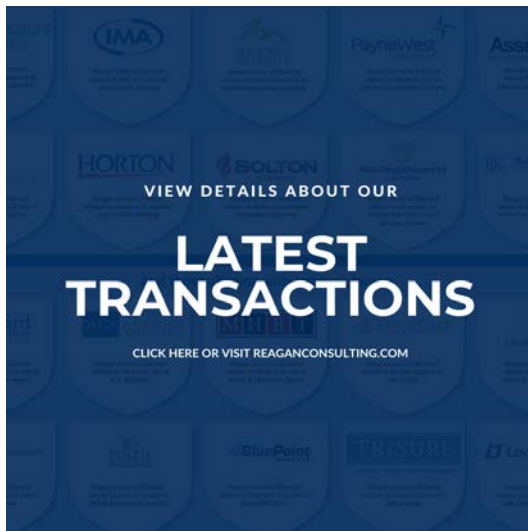
- Another year, another record. At 10.2%, brokers achieved the highest Q4 organic growth tally in the history of the Growth & Profitability Survey (GPS), first launched in 2008. This growth result is nearly two percentage points higher than last year's record-breaking Q4 result.
- Since the first year of COVID-19 in 2020, brokers have achieved all-time high profitability levels, primarily due to reductions in travel and entertainment expenses. In Q4 2022, brokers posted an EBITDA margin of 22.5%, consistent with each of the last two years, and over two percentage points higher than the historical norm of ~20%. With the highest growth ever recorded in Q4 2022, we might have expected margins to expand, but this flat profitability trend likely signals that inflationary pressures and labor shortages are driving up compensation expenses, and further margin expansion is unlikely for now.

growth rate. This Q4 2022 figure far exceeds the previous record of 20.6 set in 2021.

- Brokers anticipate a slight reduction in organic growth (8.1%) and profitability (22.0%) in 2023. If accurate, it would still be the third-best year ever relative to historical GPS results. Even so, these muted projections for 2023 signal growing concerns about rates & the economy.

Should you have any questions, please contact Mark Crites at mark@reaganconsulting.com or 404.869.2625.

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