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PPP Loans and the Insurance Industry

To our friends and clients,

In April, the federal government introduced the [Payroll Protection Program](#) (“PPP”), a forgivable loan program intended to aid U.S. businesses negatively impacted by the Coronavirus (COVID-19) crisis and help them avoid laying off or terminating employees.

Many insurance agents and brokers moved quickly to take advantage of this lifeline, but until now, there has not been any widely available data to report on the PPP experience for the independent insurance industry.

In late July, Reagan Consulting surveyed 134 agents and brokers, ranging in size from under \$150,000 to over \$75M in annualized revenue, to assess their experiences with the PPP. Surprisingly, a full 18% of respondents did not receive PPP funding. Of those who did receive PPP loans, 3% later decided to return the loans unused. For agencies that kept their PPP funds, a vast majority (92%) expect the loans to be largely or completely forgiven.



As Congress continues to negotiate aid packages and \$130 billion in PPP funding remains available through the SBA, it remains to be seen what the final effect on businesses will be and how the insurance industry can use these funds to safeguard their employees while also stimulating growth.

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